FOREIGN
BROADCAST
INFORMATION
SERVICE

Daily Report

Central Eurasia

FBIS-SOV-95-118
Tuesday
20 June 1995

Daily Report
Central Eurasia

FBIS-SOV-95-118 CONTENTS *20 June 1995*

NOTICE: An * indicates material not previously disseminated in electronic form.

INTERREGIONAL AFFAIRS

ITAR-TASS Carries Press Review for 20 Jun 1

RUSSIA INTERNATIONAL AFFAIRS

Foreign Ministry Official on G-7 Economic Agenda *[INTERFAX]* 2
Medvedev: 'Great Deal' Achieved in Halifax *[ROSSIYSKAYA GAZETA 20 Jun]* 3
Budennovsk 'Stole the Show' at G-7 Summit *[IZVESTIYA 20 Jun]* 4
G-7 'Not Without Success' for Yeltsin *[IZVESTIYA 20 Jun]* 5
G-7 Puts Russian Reforms on Backburner *[IZVESTIYA 20 Jun]* 6
'G-8' Summit Said To Prove Russia's Importance *[ROSSIYSKIYE VESTI 20 Jun]* 7
Special Envoy in Belgrade for Talks on Bosnia 8
    Churkin Meets With Milosevic *[ITAR-TASS]* 8
    Conveys Russia's 'New Proposals' *[ITAR-TASS]* 9
Daily on 'Dual Standards' Toward UN Peacekeepers *[KRASNAYA ZVEZDA 20 Jun]* 9
Russia-Ukraine Accords Prompt U.S. 'Dismay' *[PRAVDA 17 Jun]* 10
Government Urged Not To Sign Merrill Lynch Contract *[ROSSIYSKIYE VESTI 17 Jun]* 11
Background to Iran Nuclear Deal Analyzed *[MOSKOVSKIYE NOVOSTI 21-28 May]* 12
Gromov Urges Ties Between NATO, Eastern Europe *[ITAR-TASS]* 14
Duma Committee Head on Integration in NATO *[NOVOYE VREMYA Jun]* 14
Border Service Chief Cancels Trip to Beijing *[ITAR-TASS]* 15
Government Approves IBRD Loan for Training *[ROSSIYSKAYA GAZETA 15 Jun]* 15

RUSSIA NATIONAL AFFAIRS

Political Issues

Yeltsin Refuses To Reveal Reaction to No-Confidence Issue *[ITAR-TASS]* 17
Yeltsin Supports Chernomyrdin's Handling of Hostage Crisis *[ITAR-TASS]* 17
Leaders Rearrange Schedules To Deal With Hostage Crisis 17
    Yeltsin Postpones Mari-El Visit *[INTERFAX]* 17
    Chernomyrdin Alters Work Schedule *[INTERFAX]* 17
    Shumeyko Postpones Tatarstan Visit *[ITAR-TASS]* 18
Gaydar Says Premier's Future Depends on Hostages' Lives *[ITAR-TASS]* 18
Media React to Government's Handling of Budennovsk Crisis 18
    Events Reflect Russia's 'Brutalization' *[SOVETSKAYA ROSSIYA 17 Jun]* 18
    Ready Resort to Force Hit *[IZVESTIYA 20 Jun]* 20
    Commentator Sees Yeltsin 'Defeat' *[Radio Rossii]* 21
    Editor Scores 'Frightened' Government *[SEGODNYA 20 Jun]* 22
    Russians 'Hostages' to 'Incoherent' Policy *[SOVETSKAYA ROSSIYA 20 Jun]* 22
    Crisis Seen To Herald More Violence *[SEGODNYA 20 Jun]* 25
    High-Level Split Detected *[KOMMERSANT-DAILY 20 Jun]* 25
Politicians' Jul, Dec Ratings Predicted *[TRUD 16 Jun]* 27
Effectiveness of Today's Police Questioned *[SOVETSKAYA ROSSIYA 14 Jun]* 29
Sociologist Details Extent of Racketeering *[DELOVOY MIR 10 Jun]* 31
Cossack Official on Criminal Past *[ARGUMENTY I FAKTY Jun]* 34

Media Issues

Authorities Order Investigation of Journalist's Death *[ITAR-TASS]* 37

Military Issues

General Lebed Interviewed on Political Career Plans *[Moscow ORT]* 37
14th Army Command Formally Transferred 20 Jun *[ITAR-TASS]* 38

Federal Assembly

Duma Devotes Discussion to Budennovsk Events *[IZVESTIYA 17 Jun]* 38
Deputies 'Unanimous' in Demanding Ministers' Heads *[KRASNAYA ZVEZDA 17 Jun]* 39
Deputies Urge Chechnya Negotiations, Not Force *[TRUD 20 Jun]* 39
State Duma Considers No-Confidence Vote 40
    Forward Russia Supports Vote *[INTERFAX]* 40
    Russia's Choice Against Vote *[ITAR-TASS]* 40
    Committee To Seek Avoidance of Vote *[INTERFAX]* 40
    Fedorov Views Prospects for Vote *[ITAR-TASS]* 41
    Bid Seen Having Fair Chance *[SEGODNYA 20 Jun]* 41
Deputies on Production-Sharing Agreement Law *[ITAR-TASS]* 42

Regional Affairs

Coverage of Budennovsk Hostage Situation Continues 42
    Chernomyrdin Talks With Yerin, Basayev *[Moscow RTV]* 42
    Premier: 'No Mercy' for 'Rebels' *[ITAR-TASS]* 44
    Convoy Heads For Chechnya *[ITAR-TASS]* 44
    Chernomyrdin on Security Guarantees *[INTERFAX]* 44
    Convoy Enters Chechen Territory *[Moscow Radio]* 45
    Basayev Demands Safe Passage *[ITAR-TASS]* 45
    Chernomyrdin: 'No Compromises' With Dudayev *[KOMSOMOLSKAYA PRAVDA 20 Jun]* 45
OSCE Delegate, Dudayev Representative Discuss Talks *[Moscow ORT]* 46
    Agreement in Groznyy Talks *[INTERFAX]* 47
Three Chechen Commanders Killed in Ambush *[INTERFAX]* 47
Pacific Fleet Marines To Remain in Chechnya *[INTERFAX]* 47
Moratorium on Chechnya Combat Operations Extended *[ITAR-TASS]* 47
MVD Gas Station Blown Up in Moscow *[Radio Rossii]* 47
Edict on Future of Tatarstan Petrochemical Complex *[RESPUBLIKA TATARSTAN 14 Jun]* 48
Power Station Blows Up in Perm *[ITAR-TASS]* 48
Explosion Occurs at Siberian Oil Reservoir *[IZVESTIYA 17 Jun]* 48
Head of Nalchik Central Bank Clearing Center Details Functions *[GAZETA YUGA 9 Jun]* 49
Yakutia Leader Rejects Separatism *[ROSSIYSKIYE VESTI 16 Jun]* 50
Move To Oust Maritime Kray Governor Viewed *[IZVESTIYA 17 Jun]* 51
Maritime Kray Speaker Sacked by Local Duma *[ITAR-TASS]* 52

Economic Issues

Moscow To Pay All Pensions in Chechnya *[ITAR-TASS]* 52
Pension Fund Short of Financial Resources *[ITAR-TASS]* 53
Foreign Debt To Be Solved by End of 1995 *[INTERFAX]* 53
Halt to Dollar Decline Against Ruble Urged *[ROSSIYSKAYA GAZETA 16 Jun]* 54
Paramonova Denies Manipulating Ruble *[SEGODNYA 17 Jun]* 55
Union Criticizes Central Bank Policy *[ITAR-TASS]* 55
Ministries Seek Half of GDP for Own Use *[IZVESTIYA 17 Jun]* 55
IMF Official Praises Proposed Payment System *[INTERFAX]* 57
Moscow, Tatar Enterprises Form Partnerships *[SEGODNYA 30 May]* 57
New Laws Allow Priobsk Oil Deposit Development *[ITAR-TASS]* 59

UKRAINE

International Affairs

Kuchma Condemns 'Terrorist Actions' in Budennovsk *[INTERFAX]* 60
Terms of Black Sea Fleet Accord Assessed *[VYBIR]* 60
Kiev Said To Have Slashed Gas Debt to Russia *[INTERFAX]* 62
More Peacekeepers Set for Former Yugoslavia *[UNIAR]* 62

National Affairs

Kuchma Meets Crimean Tatars Parliament Members *[INTERFAX]* 63
Crimean Tatar Official Praises Kuchma Visit *[UNIAN]* 63
OSCE Commissioner Discusses Crimea in Kiev *[UNIAN]* 63
National Bank To Curb Dollar Circulation *[IZVESTIYA 3 Jun]* 63

WESTERN REGION

Belarus

Lukashenka on Official Visit to St. Petersburg *[INTERFAX]* 64
Presidential Services Sign Cooperation Agreement *[BELAPAN]* 64
Elektramash Workers Protest, Demand Wages *[BELAPAN]* 64
Center Provides Statistics on Unemployment *[BELAPAN]* 64

Moldova

General Yevnevich To Take Over 14th Army *[INTERFAX]* 64
    Biography of New Commander *[ITAR-TASS]* 65
Yevnevich 'Not Bothered' by Pro-Lebed Pickets *[ITAR-TASS]* 65
General Lebed on Situation in 14th Army *[ITAR-TASS]* 66
    Lebed To Leave for Moscow Soon *[ITAR-TASS]* 66
Division Commander Threatens Hunger Strike *[INTERFAX]* 66
Defense Ministry Inspects 14th Army Headquarters *[ITAR-TASS]* 67

CENTRAL ASIA

Uzbekistan

Ukrainian President Arrives on Visit 20 Jun *[UNIAN]* 68
    Kuchma To Sign 11 Accords *[INTERFAX]* 68
Illegal Turkish Immigration Via Tashkent Halted *[INTERFAX]* 68

CAUCASUS

Armenia

- Positions Come Under Fire From Azerbaijan *[Yerevan International]* 69
- Russian Prime Minister Postpones Visit *[SNARK]* 69
- Opposition Gives 'Ultimatum' on Election Procedure *[NOYAN TAPAN]* 69

Azerbaijan

- Power Supply to Nakhichevan Resumes After Talks *[Baku TV]* 69
- Agreement Signed on Baku-Groznyy Oil Pipeline *[ARAGIL ELECTRONIC NEWS BULLETIN]* 70
- Deputy Interior Minister Removed From Post *[Baku TV]* 70
- Deputy Remains Critical After Wounding by Police *[TURAN]* 70

Georgia

- Shevardnadze Begins Official Visit to Israel *[Tbilisi Radio]* 70
  - Plans To Open Embassy in 1995 *[ITAR-TASS]* 71
  - Meets Rabin, Peres 19 Jun *[ITAR-TASS]* 71
- OSCE Secretary General on Official Visit 71
  - Shevardnadze, Hoenyck Discuss Abkhazia *[Tbilisi Radio]* 71
  - Further on Abkhazia Talks *[INTERFAX]* 71
  - OSCE's Hoeynck on Chechnya Conflict *[INTERFAX]* 72
- Ministry Denies Chechen Paramilitary Infiltration *[CONTACT INFORMATION AGENCY]* 72
- Fleet Moves Said Connected With Chechen Events *[INTERFAX]* 72
- Security Increased in Reaction to Chechen Events 72
  - Extra Post Set Up on Border *[INTERFAX]* 72
  - Security Measures Taken in Tbilisi *[IPRINDA]* 73
  - Security Increased at Russian Embassy *[INTERFAX]* 73
- Georgian, Iranian Provinces Sign Agreement *[Tbilisi Radio]* 73
- Christian Democrats Outline Policies, Strategy *[IPRINDA]* 73

BALTIC STATES

Estonia

- Vahi Departs for NATO Meeting in Germany *[ETA]* 74
- Conference on Integration Into Europe Opens *[INTERFAX]* 74
- Finland Initials Accord on Illegal Immigrants *[Tallinn Radio]* 74
- Note Sent to Russian Embassy on Illegal Immigrants *[Tallinn Radio]* 74
- Defense Force Chief on Non-Estonian Citizens *[Tallinn TV]* 74

Lithuania

- Prime Minister Slezevicius Hails EU Ties *[ELTA]* 75
- Iranian Envoy Discusses 'U.S.-Imposed Embargo' *[BNS]* 75
- Gylys, Belarusian Minister Discuss Relations *[Vilnius International]* 75
- Landsbergis Blames West for Chechen 'Manslaughter' *[BNS]* 76

ITAR-TASS Carries Press Review for 20 Jun

LD2006065295 Moscow ITAR-TASS in English 0633 GMT 20 Jun 95

["Press Review" — ITAR-TASS headline]

[FBIS Transcribed Text] MOSCOW June 20 (ITAR-TASS) — The tragic events in Budennovsk are the principal topic in today's Moscow-based Russian newspapers.

Along with reports from the scene of events, newspapers run Russian President Boris Yeltsin's address to the Russian citizens. The President calls on people in Russia not to become "the slaves of emotions" in view of the seizure of hostages in Stavropol Territory. Addressing all state power bodies of Russia, including those at the local level, Yeltsin urges them to maintain law and order, enhance vigilance and tighten law enforcement measures.

ROSSIYSKIYE VESTI writes that "fear may become a feature of national awareness if the authorities and society do not stick together in critical situations".

The newspaper frontpages a chronology of Monday developments in Budennovsk and a commentary on the subject by political scientist Emil Pain.

Pain believes that "it would be wrong to estimate the developments in Budennovsk only as the result of the Chechnya war. The Chechnya war and all the three years of Dudayev's rule have been life according to Shamil Basayev's methods. If one recalls how the events in Chechnya developed, it will be seen that at every stage of the aggravation of the Chechen crisis, one and the same method was employed — that of blackmail with hostages used as a human shield".

KRASNAYA ZVEZDA is of the opinion that "yet another dramatic page — and, perhaps, the most dramatic and bloodiest one — has been added to the history of world terrorism".

"Time will cross the t's and dot the i's. But it can be stated already now, although no one removes the blame off the present government for the events in Budennosk, that it was precisely Viktor Chernomyrdin who managed to arrive at a decision adequate to the situation. Cessation of hostilities in Chechnya and the conduct of talks with Dudayev's representatives at the OSCE [Organization for Security and Cooperation in Europe] mission in Groznyy are now the only way out".

IZVESTIYA points out, for its part, that "the tragedy gives rise not only to horror and indignation over the terrorists' action. It also evokes hard questions about the actions of the Russian authorities".

"All current developments resemble those in January 1991: gunfire in Vilnius with an unbelievable 'lack of knowledge' about that on the part of all authorities, and attempts to set the peoples at loggerheads so as to 'restore order' subsequently by strongarm tactics," points out IZVESTIYA's news analyst Otto Lacis.

KOMSOMOLSKAYA PRAVDA carries a reportage by its special correspondent in Budennovsk about an assault on a hospital building, during which terrorists protected themselves with a human shield — women.

The newspaper believes that "the unsuccessful outcome of the operation was also prompted — along with 'competent' actions of terrorists shielded by a large number of hostages — by an incompetent supervision of the operation by police officers."

KOMSOMOLSKAYA PRAVDA reports that woman journalist Natalia Alyakina, a Russian staff member of the German Fokus magazine, has been killed in Budennovsk. According to an official version, a gunman accidentally pressed the trigger.

It still remains unknown who fired on the journalists' delegation at the hospital on Thursday, the newspaper noted.

ROSSIYSKIYE VESTI on the Group of Seven summit in Halifax:

"The importance of Russia as one of leading partners in world affairs was repeatedly emphasised in Halifax both in the speeches of participants and in the final documents of the Summit."

The newspaper believes that the "Halifax summit has become yet another important stage of the process of the G-7's transforming into a G-8".

ROSSIYSKAYA GAZETA, describing the results of the G-7 summit, quotes Sergey Medvedev, Press Secretary of the President of Russia, as saying that "the role of Russia as an economic and political partner was reassessed at the G-7 summit."

"Practically all proposals advanced by Boris Yeltsin were accepted by the G-7," the Presidential Press Secretary emphasised.

Foreign Ministry Official on G-7 Economic Agenda

LD1906191595 Moscow INTERFAX in English 1714 GMT 19 Jun 95

[From the "Diplomatic Panorama" feature: by diplomatic correspondents Aleksandr Korzun, Igor Porshnev, Yevgeniy Terekhov, and others]

[FBIS Transcribed Text] MOSCOW, June 19 (INTERFAX) — Russia is a full participant in that part of the G7 economic agenda which is of interest to it. The Halifax, Canada summit of the seven most industrialized nations with participation of Russian President Boris Yeltsin has confirmed this, Pavel Smirnov, director of the economic cooperation department in the Russian Foreign Ministry, told Interfax Monday.

He said that Russia is involved in the activities of the economic G7 to an extent which is useful to Russia. Smirnov explained that Russia has all economic issues of interest to it discussed with the group and its participation is full and equal.

Smirnov recalled that Russia has never broken into the G7 group.

In his words, Russia is interested in discussion of all international economic problems and this was the reason why a group of eight was set up. As for the economic issues, Russia faces too many problems of its own to contribute to elimination of unemployment in the West or resolving Mexico's financial crisis.

Smirnov believed that Russia has to attend to its own problems, in particular in international economic and political fields.

"Before all, we should sort out things at home. This idea was expressed in no uncertain terms in Halifax. It is because everything is fine in the economies of the G7 that they can afford the luxury of curing Mexico. We are short of cash for medicine. They are thinking of improving their pensioning system while we think whether we should increase the pensions in pace with inflation because we are short of rubles. In a word, they are richer. This is the reason why we participate only in solving economic issues which are of interest to us," Smirnov explained.

Asked whether the Chechen events cast a shade on the Russian economic reforms, he said that not a single country has been successful in economic reforms when it was involved in other dramatic events.

He believed that the economy is usually reformed before or after the dramatic events but never simultaneously.

Smirnov said, however, that Russia will, as usual, go its own way and probably succeed on both fronts.

He was pleased with the results of the Halifax summit and said that progress was made there on numerous issues which are of interest to Russia.

According to Smirnov, the final document expressed full support for arriving at a specific agreement on long-term restructuring of the Russian foreign debt.

He made it clear that this was not a solution of the problem. Smirnov explained that an essential agreement between the Russian and G7 finance ministers and central bank governors had been reached earlier but the position of the group leaders provides additional guarantees that specific understanding will be reached between those who will be directly involved in the talks.

In Smirnov's words, a final decision on restructuring the Russian debts will be made when associated agreements are signed. This will take time, he said, and added that specific negotiations with the Paris Club are likely to take place some time in October.

He explained that the restructuring of the Russian debt for 20 to 25 years as announced by Yeltsin in Halifax has not been mentioned in the documents of the meeting.

"It is by no means certain that the G7 leaders support the 25 year period nor should one rule out the possibility that Russia will not insist on it. This figure does not need a president to decide. The period should be determined through economic calculation," Smirnov said.

He continued to say that the time of restructuring will be agreed in specific negotiations. Every restructuring has a price. By putting off the payment Russia will have to pay more as the interest. In a final analysis, if the postponement is 25 years, the amount to be paid increases sharply, Smirnov explained. He did not rule out the possibility of cutting the postponement to 15, 10 or even five years unless a beneficial rate is introduced, in which case the postponement can be even more than 25 years.

He said that significant progress was made in Halifax in the issue of Russia joining the Paris Club as a creditor.

According to Smirnov, "in Halifax Russia for the first time managed to win support by leaders of the seven industrially developed countries in this issue. Until now support and understanding has been expressed only in the secretariat of the Paris Club and in the International Monetary Fund and the World Bank."

He admitted that implementation of that idea will need time and tremendous efforts on the part of Russia.

Russia faces certain problems that make it hard for Russia to join the Paris Club as a creditor, Smirnov said. In particular, certain countries do not recognize their debts to Russia. He did not specify them but made it clear they are developing countries.

"Unfortunately, the developed countries owe us nothing. True, they have to pay for our perestroyka, for the end of the ideological confrontation of alliances. However, they believe that it was good for the Russians and so do not want to pay," he said.

At the same time, Smirnov pointed that the G7 leaders "even now support Russia's closer cooperation with the Paris Club." "This is a major positive result of the G7 summit in Halifax," he added.

Commenting on Yeltsin's remark that the G7 leaders had agreed with the need to enable Russia to join international economic and trade organizations, Smirnov said that Russia wants to join GATT/WTO [World Trade Organization] and is engaged in talks on this issue.

Russia has also expressed interest in joining, with time, the Organization of Economic Cooperation and Development which looks after the movement of capitals, he said, but at the moment the country is not economically ready to become a member of that organization.

Medvedev: 'Great Deal' Achieved in Halifax

MM2006083395 Moscow ROSSIYSKAYA GAZETA in Russian 20 Jun 95 First Edition pp 1,6

[Report by Aleksandr Krasulin: "Eagle Feather Is Symbol of Hope. Halifax Summit Participants Quite Happy With Results"]

[FBIS Translated Excerpt] Halifax, Moscow — For three days the attention of the whole world was riveted on the Canadian city of Halifax where the G-7 leaders were meeting 15-17 June with the participation of Russian President Boris Yeltsin. It was covered by 2,300 journalists from 19 countries.

The Russian leader's visit to Canada began with a ceremonial reception organized by the authorities of the province of Nova Scotia during which the leader of the local Micmac Indian tribe presented him with an illustrious gift — an eagle feather. This ancient Indian symbol is given to particularly esteemed guests and should promote inspiration and success.

This was the first time that Yeltsin had taken part in discussing global economic problems. On the final day of the meeting he took part in the political debate. Furthermore the Russian president had two bilateral meetings with French President Jacques Chirac and U.S. President Bill Clinton.

"We achieved a great deal. During the meeting Russia's role as an economic and political partner was reassessed. Virtually all Boris Yeltsin's suggestions were accepted by the 'G-7'" — that was how Presidential Press Secretary Sergey Medvedev described the results of the summit. [passage omitted]

This meeting in Halifax differed considerably from all the previous summits. The subject of Russia "was not a separate issue" there. Nor was there any report on the progress being made with reforms in the country. The Russian president not only took part in the economic debate but also, according to Sergey Medvedev, effectively acted as moderator during the G-7 members' session.

"Some 80 percent of the time was spent discussing matters that I raised," Boris Yeltsin said the next day during a meeting with journalists. "Not only were they heard out attentively but decisions were adopted on some of them. For instance, the question of the long-term (20-25 year) restructuring of the Russian debt was accepted. That represents a very big success. We will of course cope with the debt payments being spun out for 25 years without the debt itself actually increasing." What is more, it has been decided that Russia will join the Paris Club of creditor countries.

"Nonetheless we wanted something more," Russian Economy Minister Yevgeniy Yasin said, commenting on the economic results. "The preliminary level of preparatory work promised that." The main issues — the long-term restructuring of the debt, accession to the Paris Club, and recognition of the need for an increase in the IMF's issuing of special borrowing rights — are to be found in the conference's decision. But there is no direct reference to Russia's being enlisted to the World Trade Organization or the Organization for Economic Cooperation and Development. Although that was forecast by the Russian delegation on the eve of the meeting.

"The most important thing," the minister stressed, "is the G-7 leaders' decision that Russia will be more actively enlisted in resolving international economic problems." He also pointed out that the disagreements which arose at the summit over a number of problems considerably eroded the adopted decisions.

The situation in the former Yugoslavia was central to the political debate. The G-7 adopted the relevant resolution without waiting for the Russian president to arrive. Briefing Boris Yeltsin on the first day of the conference's work Chairman Canadian Prime Minister Jean Chretien explained that it was decided to do this since the situation was developing very fast and required an immediate response. The Russian president took an understanding view of this explanation.

Nonetheless the G-7 returned to discussing this issue with the Russian leader. Boris Yeltsin reaffirmed Russia's former stance on this issue, emphasizing that the situation in Bosnia cannot be overturned by any rapid-reaction forces. It is necessary to conduct political dialogue and the bombings that have taken place have only increased the tension. If dialogue is conducted nonetheless with the use of arms via NATO, this will deadlock the situation once and for all.

The situation in Bosnia was also the main topic of conversation with French President Jacques Chirac. Boris Yeltsin was pleased with the explanation that the rapid-reaction forces created by France aim solely to defend the peacekeeping contingent and are not directed against any side. However, he noted that it is necessary to see how this is put into practice. The summit participants decided that these forces should operate on the decision of the UN Security Council.

The problem of Chechnya assumed totally new significance at the forum. Following the start of events in Budennovsk a substantial reappraisal of values occurred here. Boris Yeltsin's report on the details of the tragedy spurred the G-7 to take the view that it is necessary to pool efforts to combat terrorism and organized crime.

Touching on the tragedy in Budennovsk U.S. President Bill Clinton said that it made the same impression on Russian citizens as the Oklahoma City explosion did on Americans. "We condemn terrorism in any form but we believe that the Russian and Chechen peoples can be reconciled: That is still our policy."

However during the meeting Boris Yeltsin explained that there is no war in Chechnya between Russians and Chechens but an operation to eliminate a hotbed of crime.

The U.S. President described as extremely constructive Boris Yeltsin's idea, which won G-7 approval, that an international conference on nuclear security be convened next March or April.

"I think that we agreed with President Clinton on all the global issues under discussion," Boris Yeltsin said in response to questions from journalists regarding his meeting with the U.S. leader. "But we do of course still have the problem of NATO. I disagreed with this organization's expanding by means of Central and Eastern Europe, i.e. right up to the borders of the Russian Federation." Touching on the tragedy in Budennovsk once again Boris Yeltsin stressed that he had told the G-7 leaders that Chechnya is the center of world terrorism and Budennovsk represents a lesson for everyone. At the end of the meeting the participants decided that the next session will be held in June 1996 in Paris and Russia will attend as a full-fledged member. [passage omitted]

Budennovsk 'Stole the Show' at G-7 Summit

MM1906151395 Moscow IZVESTIYA in Russian 20 Jun 95 p 3

[Article by Stanislav Kondrashov: "Halifax Against the Background of Budennovsk"]

[FBIS Translated Text] The trip to Halifax did not live up to the Russian president's ambitious expectations, and the explanation for that is to be found in Budennovsk. For our own and the world's public, events in the Stavropol rayon center firmly pushed into the background the television pictures of the summit in a minor Canadian city.

Yeltsin, disregarding the State Duma's unanimous appeal to change his itinerary, carelessly handed the initiative and the limelight to his prime minister. Chernomyrdin, having creatively taken up the idea of negotiations with Basayev, gave it a grippingly dramatic character without even leaving Moscow, freeing the hostages by telephone before the eyes of tens of millions of his compatriots.

Every cloud has a silver lining. During the days of the Halifax meeting it transpired that it was Chernomyrdin who followed the advice of the "Seven" to begin the talks process in Chechnya. Yeltsin "let himself down" in the eyes of his fellow citizens and the world by stating that prior to his departure he had discussed with Yerin the storming of Budennovsk city hospital — it is well known how Saturday's twofold attempt at storming it turned out.

When you have losses in your own country, it is hard to make gains in the international arena.

In informal, "free" meetings of the G-7, political machinations go hand in hand with the real content. Each of the participants seeks reflected light from the others so as to shine more effectively in his own country. In the light of our history this is reminiscent of a lucky hand at cards — three, seven, and ace. The "troika" [three] was proposed a third of a century ago by Khrushchev, who introduced this Russian word into the international lexicon. He had in mind a troika of UN secretaries general (instead of just one) — from the socialist, capitalist, and "nonaligned" states. This was the Soviet method of integrating into the world and gaining dominant positions there.

Having left behind a prolonged period of the "two," when the two superpowers dominated the world, we now come to the "seven." And again the Moscow leader personally finds the position of an international ace flattering, while the state, where much has been upturned and little has settled down, needs to be gradually incorporated into the complex system of international economics and finance.

But the important thing is not to get carried away. Before Halifax, apparently at the prompting of one of his increasingly active courtiers, Yeltsin was eagerly instilling into the public mind the formula of "Seven and a Half." We are advancing step by step, he said, toward equality at the top of the world; in Naples a year ago the "political Eight" was formed, and now — onward, to the economic "Seven and a Half."

In Halifax, on assessing the situation, they preferred to drop this formula. And a good thing too — being a half member is about as unnatural as being half pregnant. China, for instance, has incomparably more weight in international trade than Russia, and on the basis of economic indicators a number of Western experts see it as destined for the position of the world's number one power by the year 2010. Yet it is making its way to Olympus without laying claim to membership or a humiliating half-membership of the "Seven."

The "Seven" account for about half the world's economy, while two of the giants — the United States and Japan — account for some 30 percent. On the basis of economic indicators Russia comes somewhere approaching 20th, and as a state it does not look like an ace in anything except arms, especially nuclear missile arms. If you want to break into the elite club you have to have moderation, especially since skeptics prefer to call the present club the "seven old ones." The skeptics propose an alternative set of members — without Italy and Canada, and even without France and Britain, but with China, India, which is making breakthroughs in the high-tech sphere, and Brazil, which accounts for nearly half of South America's entire gross product....

Alas, Russia does not figure in these estimates for the future, and upbeat reports of the first shoots of financial stabilization cannot, of course, change anything in this respect. Nor can the decision on the rescheduling of our foreign debt, which was confirmed in Halifax.

It was Budennovsk which, coincidentally, highlighted the theme of Russia and its problems in Halifax. The terrorist act was condemned, but we must also count as part of the machinations, albeit involuntary, Yeltsin's remark that friend Bill shares his assessment of what is happening in Chechnya. Washington denies this. A critical assessment of the Chechen war was admittedly deleted, at the Russian president's insistence, from the text of the joint political communique and was heard only from the lips of the Canadian premier, speaking for the "Seven."

Munich, Tokyo, Naples.... Halifax was Yeltsin's fourth G-7 appearance. He lags far behind the veteran Helmut Kohl (it was his 13th time), but you cannot call him a novice. Russia has become more familiar, "one of us," if you like. But that does not tell the whole story of the dynamics of its participation. Compared with Naples a year ago, Russia's positions are weaker — because of the war in Chechnya and the methods of waging it. The sharp decline in Yeltsin's rating can be observed not only in Russian society.

Taking Naples again, since that time Russian troops have been withdrawn from Estonia; the United States has been establishing relations increasingly energetically with Ukraine and Kazakhstan, bypassing Moscow; and NATO has been finalizing plans for eastward expansion through the former Soviet allies. Russia's bargaining position is getting weaker rather than stronger, and even its special role in Bosnia has less potential in the light of Chechnya.

Thus, in distant Halifax, Budennovsk and its tragedy "stole the show," placing between soldiers and terrorists a living wall of ordinary Russian people with their horror, torment, and loss of loved ones. Next year Russia is inviting the "Seven" to Moscow for an extraordinary meeting, putting on the agenda the urgent problems of the disintegration of the old world and the difficult birth of the new one: nuclear security and international terrorism.

G-7 'Not Without Success' for Yeltsin

MM1906154295 Moscow IZVESTIYA in Russian 20 Jun 95 p 3

[Article by Vladimir Nadein: "World Leaders Tell Yeltsin What To Do but Also Offer Him Sympathy"]

[FBIS Translated Text] Washington — The Russian president called himself a hostage of the Chechen situation, and they believed him. He said that the Russian economy has hit bottom, that things will not get worse and will thus get better — and they happily agreed with him.

But When Boris Nikolayevich, exploding with purple-faced rage against the Chechen mafia, decided to lean on a friendly shoulder, saying as if in passing that "my friend Bill supports the Russian suppression of the rebels in Chechnya" — it didn't work. The U.S. president, who usually reacts with a smile to the Russian's emotional exaggerations, did not restrain himself for the first time in eight meetings and interjected a correction:

No, he said, I don't support it. I do not approve of terrorism and I sympathize with the hostages, but I do not agree with Russia's policy in Chechnya.

It is psychologically easy to understand Boris Yeltsin's wish to involve his fellow leaders in his concerns to at least some extent. Even before his visit he had persuaded himself that "in practice" the G-7 had already become the G-8. The disappointment was swift and painful. Canadian Premier Jean Chretien specially warned Yeltsin not to show up in Halifax before Friday noon. There would be nobody to greet or welcome him. And nobody believed in the innovative idea for peace in Bosnia which Boris Nikolayevich had allegedly had back home. Halifax was a gathering of people who are not inclined to believe in miracles. As soon as all the meetings were over British Prime Minister John Major said that Mr. Yeltsin "did not bring new ideas for a settlement of the conflict there," adding that "neither Yeltsin nor anyone else has a simple solution for Bosnia-Herzegovina."

But another initiative which the Russian president "pulled out of his hat" at the last moment proved to be completely workable. The G-7 leaders agreed to meet in Moscow in March next year to discuss nuclear security problems. Not a very wonderful victory at first glance. But if you add this suddenly announced Moscow summit with Yeltsin's other semi-achievements, our delegation is returning to Moscow from Halifax not without success.

Maybe this is not even a semi-achievement but a very real one? The official documents do not contain a word about Chechnya, although with Bosnia it headed the list of this conference's concerns. Verbally all the heads of the assembled states said things which Boris Yeltsin found it very unpleasant to listen to. Namely that there is no military solution to the Chechen problem and the way out must be sought in a political and speedy settlement. But words are just words, whereas according to the documents Chechnya, it transpires, is a strictly Russian affair and no more.

The G-7 leaders were also unanimous about the Russian nuclear deal with Iran. But again this turned out to be closer to a comradely admonition than an ultimatum with implications for his status within the organization.

In general the meeting in Halifax took place mid-way, as it were, between an accepted past when everybody knew what to do, and a hazy future. Clinton, whose international star had risen so spectacularly at his first G-7 meeting in Tokyo, behaved in a somewhat abstracted way.

The degree of sympathetic understanding which reigned at the "G-7 and 1/2" meetings is astonishing. France's decision to resume nuclear tests was treated with understanding. Yeltsin's difficulties in Chechnya were discussed with understanding. Clinton, who yearns for decisiveness in Bosnia but is bound hand and foot by his neo-isolationist Congress, was listened to with understanding.

"The President of the United States would like to be in a different position to the one he is now in," British Foreign Secretary Douglas Hurd said on this subject. Yeltsin's desire to make Russia a full participant in such worldwide conferences was treated with understanding, but he was told that it is as yet "impractical" to adopt any kind of decisions on this.

True to his fine tradition of causing a stir in the hall, Boris Yeltsin announced that Turkey is ready to grant Dudayev political asylum. The Americans, after consulting with their Turkish NATO allies, refuted this. The Russian president told everybody that he and Minister Yerin had made the decision to storm the hospital in Budennovsk in advanced, even before he flew to Halifax, and was completely unfazed by the fact that a government spokesman in Moscow described the two unsuccessful raids as "spontaneous" and prompted by moans and appeals for help coming from the hospital windows.

The list of these contradictory statements might have been even more impressive, but there were insufficient opportunities to make them. Yeltsin even complained to Canadian Premier Chretien about dinners which follow one after another and get in the way of talking. "The less you eat the more you will be able to say," Chretien advised. The Russian took the advice completely seriously: At the next dinner he did not touch a thing and talked for a full hour, but he still failed to win sympathy for his Chechnya policy.

They have short dinner breaks in Canada....

G-7 Puts Russian Reforms on Backburner

MM2006085795 Moscow IZVESTIYA (Financial IZVESTIYA section) in Russian 20 Jun 95 p i

[Article by Aleksey Portanskiy: "Some of the G-7's Problems Are More Important Than Russian Reforms"]

[FBIS Translated Text] Whereas last year's meeting of the leaders of the world's seven leading industrial states in Naples is remembered for marking the start of the G-7's transformation into the G-8 as a result of Russia's gradual incorporation, this year's meeting in Halifax will be remembered for having coincided in time with the tragedy in Budennovsk. The events in this city, which are monstrous for a civilized country, render any talk about Russia's continued integration in the G-7 club not altogether appropriate, at least for the time being.

Despite all the undisputed respect for President Yeltsin and the condemnation of the terrorist action in Stavropol Kray, the G-7 leaders made it unambiguously clear to their Russian counterpart that the Chechen crisis requires a political solution, and it requires it more urgently than hitherto. The most categorical statement was made by Japanese Premier Muriyama, who was prompted by the Budennovsk events to doubt whether there are any reforms at all in Russia.

Regardless of the Chechen issue, Moscow's role in the political "G-8", where it has just about started feeling that it is an equal member, was diminished because the most important decisions on the Bosnian conflict were in actual fact adopted prior to Boris Yeltsin's arrival at the conference.

The Western leaders gained Moscow's virtually complete agreement with their stance regarding nuclear cooperation with Iran. The political statement signed by the heads of the G-7 and Russia's president contains an appeal to the entire world community to "avoid any cooperation with Iran which could assist this country in its acquisition of nuclear weapons." By way of thanking the Russian leadership for its understanding, the participants in the Halifax summit agreed to hold a meeting of the "G-8" on problems of the security of civilian nuclear installations in Moscow next year.

In the G-7's final statement on economic issues — the summit's basic document which was adopted with the Russian side's participation — the leaders of the planet's most developed states welcomed Russia's commitment to financial stabilization and development of economic reform, which is being affirmed in practice, and expressed the hope that this course, coupled with the recent agreement with the IMF, will make it possible to achieve economic recovery in the country.

At the same time, the final documents adopted in Halifax do not identify a single specific measure aimed at really supporting the Russian reforms. Moscow's greatest achievement at the summit, judging by Boris Yeltsin's statements, is the promise by the G-7 leaders to solve the problem of the long-term (over 25-30 years) rescheduling of Russia's foreign debt, which stands at about $130 billion in 1995. But this commitment was only verbal, and it still has to be implemented within the framework of talks with the Paris Club creditors, which is hardly likely to be a simple matter. The same can be said about the G-7's approval of the idea that Russia should be admitted to the Paris Club as a creditor — this will also require serious talks.

There is no doubt that Halifax has given a certain impetus to galvanize the incipient process of Russia's joining the World Trade Organization which is about to replace GATT. At the same time, no worthwhile moves were made to give Russian goods any real access to the world markets on a nondiscriminatory basis, something which deprives our country's exchequer of $4-6 billion in foreign trade earnings each year.

The Russian economy's present minimal integration in the world economy is directly reflected in the main priorities of the G-7's meetings. Neither last year's "Black Tuesday" nor the recent "Red Wednesday" (when the dollar's rate of exchange against the ruble dropped 70 points at once — author's note) attracted much attention from the West. In contrast, last winter's collapse of the Mexican peso and the crash of Britain's Barings Bank forced the G-7 club members to focus exceptional attention in Halifax not only on questions of economic growth and ensuring employment, but also on the need to prevent global financial crises.

For this purpose the G-7 suggested that the IMF should create a new "urgent financing mechanism" with a view to reacting as quickly as possible to potential future crises like the Mexican one. The main element that will be needed to resolve this problem is to increase the IMF's currency reserves and to impose stricter requirements on IMF member countries within the framework of regularly published macroeconomics indicators which are set by the IMF.

'G-8' Summit Said To Prove Russia's Importance

MM2006090995 Moscow ROSSIYSKIYE VESTI in Russian 20 Jun 95 p 2

[Article by Pavel Shinkarenko: "The Meeting of the G-8 Leaders in Halifax Reaffirmed that World Affairs Cannot be Conducted Without Russia"]

[FBIS Translated Text] Russia's significance as one of the leading partners in world affairs was repeatedly stressed in Halifax. Both in the speeches of the participants in this elite club of the leading Western countries and in the summit's final documents. "We welcome this opportunity to meet with Boris Yeltsin and work together with him on questions of great significance for both Russia and for us all," Canadian Prime Minister Jean Chretien, who chaired the summit, stated on behalf of the participants in the Halifax meeting.

Even a simple enumeration of the problems that the Russian head of state managed to resolve together with the G-7 leaders shows that the demands that Boris

Yeltsin should not go to Halifax and should not "spend time in waiting rooms" were wrong. Both the final communique and the statement by the chairman of the meeting spoke of the full support for the Russian leadership's commitment to political and economic reforms which, as Jean Chretien stressed, "ushered in a new era in international cooperation and are wholly supported by the summit partners."

What we are talking about here is, among other things, arms control and disarmament. In this connection the entry into force of the START I agreement is described in the communique as "a major landmark in arms control." The G-8 leaders paid considerable attention to the problem of nuclear security in its new post-cold war period. And President Clinton described Boris Yeltsin's initiative on holding a meeting of the "big eight" on this problem in Moscow in spring next year as one of the main successes of the Canadian summit. He said that the Russian president's proposal is "very constructive." In this regard, the head of the U.S. Administration believes, special attention must be paid to the problem of monitoring the smuggling of small-scale nuclear devices.

But the Russians are undoubtedly concerned about the decisions affecting our country's interests. For example, on restructuring the Russian debt. As is well known, according to certain estimates that debt currently stands at $125 billion. That includes $38 billion due to the members of the Paris Club and $25 billion to the London Club. The payment for these credits alone has reached $8 billion-$10 billion a year and this year could even reach $12.5 billion. Meanwhile, Russia itself is a major creditor. According to the experts' assessments, various countries owe Russia around $140 billion. That fact, in Moscow's opinion, should not be disregarded by either the international financial institutions or by individual countries.

And the G-7 accepted our arguments. The decision on the restructuring of the Russian debt over 20-25 years was a "very great breakthrough," in Boris Yeltsin's words. The summit participants also accepted the need to admit Russia to membership of international economic, trade, and monitoring organizations. At the meeting it was also decided to authorize our country to use IMF special borrowing rights. This right will enable it to obtain between $1.5 billion and $2 billion a year.

Another theme which came to the fore in Halifax was the fight against international terrorism. The tragedy in Budennovsk, in the Russian president's opinion, "prompted the G-7 to take steps in the fight against terrorism and organized crime."

The work in Halifax was also overshadowed by reports on the escalation of the hostilities in Bosnia, especially in the Sarajevo region. In this connection a special statement was adopted which expresses alarm at the broadening of the scale of the conflict and calls on the sides in the conflict to impose an immediate moratorium on military operations and to resume the political talks based on the Contact Group's proposals without which, the statement notes, a lasting settling of the conflict is impossible. In this context the idea of creating UN rapid reaction forces under the international community's command was approved. In Boris Yeltsin's opinion they should first be approved by the United Nations and then transferred to the blue helmet contingent.

As we can see, the Halifax summit was another important stage in the process of transforming the G-7 into the G-8. This is recognition of the obvious fact that world affairs cannot be conducted without Russia. Our country is really becoming a full- fledged member of the elite club of leading world powers.

Special Envoy in Belgrade for Talks on Bosnia

Churkin Meets With Milosevic

LD1906184895 Moscow ITAR-TASS in English 1712 GMT 19 Jun 95

[By Ivan Ivanov]

[FBIS Transcribed Text] BELGRADE, June 19 (ITAR-TASS) — Russia is greatly concerned over the increasing tension in Bosnia-Herzegovina, where the conflicting sides tend to use military force for solving the crisis.

Every effort must be taken to break this trend and have the warring sides return to a peace settlement, Russia's envoy to the European Union told Russian journalists upon arriving in the Yugoslavian capital on Monday.

Vitaliy Churkin, who until recently took an active part in the settlement of the Yugoslavian crisis, however, chose not to answer any questions about the goal of his current visit to Belgrade.

Right after his arrival, Churkin met for talks with Serb President Slobodan Milosevic. The talks focused on the key aspects of the crisis in former Yugoslavia and stressed the need for a political rather than military solution, the Serb President's office said in a brief press release. Churkin and Milosevic also discussed "joint efforts to stop the military conflict in Bosnia-Herzegovina and to resume peace process".

Although the talks were attended by the Russian Ambassador in Belgrade, Gennadiy Shikin, an embassy official told Tass they do not know any details of Churkin's current mission in Yugoslavia. He failed to either confirm or dismiss the reports that Russia's envoy planned a visit to the Bosnian Serb capital Pale and a meeting with Radovan Karadzic, President of the Serbian Republic in Bosnia.

Conveys Russia's 'New Proposals'

LD2006111595 Moscow ITAR-TASS in English 1018 GMT 20 Jun 95

[By Ivan Ivanov]

[FBIS Transcribed Text] BELGRADE June 20 (ITAR-TASS) — Vitaliy Churkin, Representative of Russia at the European Union, who arrived in Yugoslavia on Monday for a surprise visit, has held talks with Bosnian Serb leaders in Pale.

"Mr Churkin and I have agreed that we shall not disclose the contents of our conversation," Aleksa Bukha, Minister of Foreign Affairs of the Serbian Republic [name and title as received], told ITAR-TASS on Tuesday by telephone from Pale.

The Minister said that there was "an interesting exchange of views" and a number of positive elements had emerged. However, he said, "it is important that the other countries whose representatives participate in the work of the international Contact Group on Bosnia agree with the new proposals which were presented to us by the Russian side".

Thus, Bukha has indirectly confirmed that Churkin had conveyed Russia's new proposals, concerning a settlement of the crisis, to Belgrade and Pale. Nothing is known so far, even approximately, about the essence of the proposals. Churkin evades contacts with journalists while Russian embassy spokesmen in Belgrade decline to disclose itineraries of his movement about the territory of the former Yugoslavia, pleading a "special nature" of his mission. As Bukha told ITAR-TASS, Churkin left Pale for Belgrade some time ago and will probably arrive there by Tuesday night.

On Monday, immediately upon arriving in Belgrade, Churkin had a 90-minute meeting with Serbian President Slobodan Milosevic. According to a brief press release issued by the Office of the Serbian President, the main aspects of the crisis on the territory of the former Yugoslavia as well as ways to achieve a political solution, not a military one, were considered during the talks. The two sides also discussed "joint efforts to bring about an end to the military conflict in Bosnia-Herzegovina and a resumption of the peace process".

Daily on 'Dual Standards' Toward UN Peacekeepers

MM2006122395 Moscow KRASNAYA ZVEZDA in Russian 20 Jun 95 p 3

[Article by Colonel Aleksandr Oliynik: "Our Blue Helmets and Policy Caught in the Crossfire in Sarajevo"]

[FBIS Translated Text] Last Friday was truly "Black Friday" for Sarajevo: Over 800 mortars and shells rained down on the city as a result of the exchange of artillery bombardments between the Serbs and the Muslims. There have been casualties, civilians among them, on both sides. Such is the lamentable result of the Muslim army's offensive operation against the Serb positions in the Sarajevo sector, which, as is well known, is under UN protection.

It was not only the city and its inhabitants which found themselves caught in the warring sides' crossfire on that day but also the blue helmets. Several were wounded. Our peacemakers from the second Russian UN battalion, headquartered in Sarajevo, found themselves in the same critical situation as other UN representatives.

According to battalion commander Colonel Yuriy Dvornikov's report to the Airborne Troops headquarters, on the morning of 16 June Muslim "green beret" subunits who were on the offensive surrounded our 9th observation post in the region of Mojmela where 13 airborne assault troops headed by Senior Lieutenant Gennadiy Kant were stationed. It was not enough that the Bosnians crudely flouted the peacekeepers' inviolability, they also demanded that our blue helmets fire on the Serb positions "for self-defense purposes." The Russian soldiers resolutely refused to comply with this patently provocative "advice" and reported this to the battalion staff, which immediately reported the incident to the Sarajevo sector and to British General Rupert Smith, commander of the UN forces in Bosnia.

For a whole day the Russian peacekeepers' lives hung by a thread. During one of the many artillery attacks on the post a Russian APC was hit and destroyed and the post itself was almost completely destroyed. It was only by a lucky chance that none of our soldiers was hurt. It was not until late in the evening that the French reached the blockaded post and managed to evacuate the Russians based at the "Russian battalion" headquarters.

The aftermath to this incident ensued at the UN headquarters. As soon as it became clear that our peacekeepers' lives were in danger, Sergey Lavrov, the Russian representative to the United Nations, informed the Security Council of this fact and demanded an emergency session of the Security Council on the issue. Here the members of the international organization once again clearly demonstrated the dual standards underlying their actions: They cast doubt on the reliability of the report from the representative of Russia, which is, of course, a permanent member of the UN Security Council, but took note of the report by (guess who?) the UN representative of Bosnia and Herzegovina (a country which, as is well known, has not been recognized by the whole world community). It is not hard to guess that this report said the very opposite. As for the Muslims' latest aggression, the UN headquarters issued yet another incomprehensible appeal to the warring sides to halt their military actions and the shelling of Sarajevo.

The UN politicians' cynical pragmatism is highly indicative. First and foremost it indicates that the notions of common human values and the protection of the lives and safety of the blue helmets on the territory of the former Yugoslavia (the commitment to which has been the subject of so much talk recently: As we know, that is why the rapid reaction forces were formed) are in practice being applied highly "creatively" by the West in conjunction with the United Nations — according to their real interests and specific circumstances. The logic that is being used here is bizarre, to put it mildly: If there is a threat to the lives of the Western countries' blue helmets, this fact is loudly proclaimed by all the mass media and all measures are used to protect them — even bombing, as happened recently. But if Russia raises the question of protecting its peacekeepers, as has happened in this instance, various types of delaying tactics, claims of "unverified information," and so forth are invariably used.

The time has finally come to understand that, until Russian foreign policy in the Balkans acquires a tough character and is based not on spontaneous actions, which often benefit the West, but on the principled defense of its strategic interests, it is not only our peacekeepers who will be caught in the crossfire but also, figuratively speaking, our policy in the Balkans.

Russia-Ukraine Accords Prompt U.S. 'Dismay'

MM1906135895 Moscow PRAVDA in Russian
17 Jun 95 p 3

[Report by Stanislav Menshikov: "American Games Over Ukraine"]

[FBIS Translated Text] Rotterdam — The Sochi accords between the Russian and Ukrainian leaders caused concern across the ocean. Outwardly, Washington wanted to emphasize its neutrality and even expressed ostentatious satisfaction at the settlement of the "bitter infighting" over the Black Sea Fleet. But it is clear from the U.S. press that behind this outwardly calm reaction lies something very different. Some commentators claim that the Sochi agreements were achieved "against a background of deteriorating relations between Moscow and Kiev." Others note the vagueness of the documents signed, which makes it possible for the sides to depart from the accords, as has happened more than once in the past. It is stressed that the domestic political situation in Ukraine and the stance of the nationalists there will hardly help President Kuchma to follow the agreements to the letter.

These predictions may not be far from the truth, but they also indicate that by no means everyone in Washington found the signs of a rapprochement between Russia and Ukraine to his liking. As one commentator noted frankly, although the "specter of the IMF hung over Sochi," the Russian-Ukrainian summit testified to the diminishing role and influence of the United States in the region. It was also recalled that at one time George Bush's mediation was apparently needed in order to resolve the Russian-Ukrainian dispute on tank exports, and later Bill Clinton helped to settle disagreements between Kiev and Moscow over nuclear weapons. But now, as THE WASHINGTON POST puts it, the only sign of a U.S. role is the fact that Yeltsin and Kuchma met in the Sochi Radisson-Lazurnaya Hotel, which is owned by Americans.

Such claims may seem unsubstantiated to the reader. Surely the share-out of the Black Sea Fleet and other questions of Russian-Ukrainian relations come exclusively within the sphere of authority of these two sovereign states themselves? What business is it of Washington's, you may wonder, how Moscow and Kiev decide contentious issues between themselves? In this situation three is a crowd, so to speak. But it seems that people across the ocean look at things differently. Both Russia and Ukraine, thanks to the ill-fated reforms, have found themselves in the position of poor relations to the West. And on the "high road of civilization" where the liberals are taking us, they exact more political and economic dues than the legendary bandit Solovey.

As for Ukraine, Washington now counts it firmly among its own, and deems it part of the NATO sphere of interests. Listen, for instance, to the reasoning of prominent figures in the U.S. Administration. U.S. Secretary of State Christopher called Ukraine "one of the pivots of European security." His deputy Talbott added that "because of its geographical location it plays a key role in the new Europe that has sprung up since the end of the cold war." Defense Secretary Perry explained that "Ukraine is of vital significance for U.S. national security interests." All these statements were made not just anywhere, but during visits by the U.S. ministers to the Ukrainian capital. And President Clinton himself, when he was in Kiev in May, did not omit to emphasize Ukraine's place in the U.S. plans.

Washington began to display a heightened interest in the fate of that country immediately after the breakup of the Soviet Union, but especially after last year's elections, which brought President Kuchma to power. Initially Washington was concerned about his pre-election statements in favor of a rapprochement with Russia and the support he won from the Russian-speaking population. However, as THE WASHINGTON POST writes, these misgivings were dispelled when it became clear that the gap between pre-election statements and real policy is considerable. There was approval for the new president's leaning in the direction of market reforms, his tough confrontation with the Crimean autonomous formation and his own parliament, and his recent statement that Ukraine cannot remain outside military blocs. (There is really only one military bloc in existence in Europe now — NATO.)

All this won praise across the ocean. THE WALL STREET JOURNAL expressed the hope that "Ukraine could return to the fold of European countries much more quickly than its northern neighbor, on condition that it is allowed to do so and is not included in Russia's sphere of interests. Ukraine is a powerful factor for stability in Central Europe and the Black Sea region. Whether as a buffer or a bridge (as Kuchma sees his country's role), an independent Ukraine could play an important role as a counterweight to Russia's influence in Europe." So whether Ukraine is admitted to NATO or not, the unenviable role of anti-Russia pawn in the West's game is in store for it in America's geostrategic plans.

The newspaper went on to note that during his presidency Kuchma has achieved greater rapprochement with the West than with Russia. This, it says, is entirely the fault of Russia, because of its "great-power syndrome."

These thoughts were published not long before the Sochi meeting. And then there was dismay: The sides managed without an intermediary from across the ocean. Apparently there is no need to pay yet more dues to the gentlemen of fortune on the "high road of civilization." The gentlemen are offended. But they will be even more offended if things go even further and hopes for the early admission of Ukraine to the NATO system prove vain, and instead — who knows what may happen — it "follows the example of Belarus" (as the same WALL STREET JOURNAL wrote in horror). That was what Washington liked least about the Sochi meeting. But it is too soon to rejoice. Western strategists do not abandon their plans and objectives so easily. Too tasty a morsel is in danger of being wrested from their voracious maw, and it is one, moreover, that they think they have already paid for. So we can expect more dirty tricks from our "civilized" partners.

Government Urged Not To Sign Merrill Lynch Contract

MM1906155895 Moscow ROSSIYSKIYE VESTI in Russian 17 Jun 95 Saturday Edition p 5

[Report by Dmitriy Orlov under the "How Do They Do That" rubric: "The 'Lynching' of the Russian Economy Has Not Taken Place. For the Moment?"]

[FBIS Translated Text] "The Russian Federation unreservedly renounces...all forms of immunity on the grounds of sovereignty...legal prosecution or any kind of trial...the Russian Federation unreservedly accepts the sole jurisdiction of the British courts."

What is all this, esteemed reader? An ultimatum to a country which has lost a war? A commitment undertaken by a colony? No, these words are taken from a draft agreement between the sovereign Russian Federation and the U.S. finance company Merrill Lynch which has come the public's attention.

However, there is more than just those lines, eloquent though they be, to this perfectly feasible agreement. Mr. Winthrop H. Smith, chairman of the Merrill Lynch board of directors, has written a letter to Prime Minister Viktor Chernomyrdin in which he insists on the recoupment of "current costs...within reasonable limits" (and this is in addition to the fees for each deal carried out on the Russian Government's instructions, which were stipulated earlier as being within the range of 1 to 3 percent). In addition, Merrill Lynch is trying to reserve itself the right to "retain all patent information and to use that information without any obligation to the Russian Federation." Patent information means quite simply information supplied by the Russian Government to Merrill Lynch alone. That information is extraordinarily valuable. You will agree, reader, that if this agreement is concluded the U.S. finance company will receive a king's ransom. But for what?

The point is that for six months now (since 19 December 1994) Merrill Lynch has been acting as Russia's agent in attracting foreign investments. Special terms (to put it mildly) have been demanded by the company in connection with the development of instruments for boosting foreign investors' funds. However, the instruments (issues of short-term state bonds denominated in rubles, convertible corporation debentures, and financing tied up with the supply of commodities) could, in the opinion of experts, be sold on Western markets without this financial brokerage.

Certainly, the assistance of a well-known finance house in attracting capital (and Merrill Lynch occupies seventh position in the U.S. ratings) would be very desirable.

But the terms of the contract proposed to the Russian Government by the company force you to the conclusion that the game is not worth the candle.

The future of the agreement between Merrill Lynch and the Russian Government is unknown at present: Your ROSSIYSKIYE VESTI correspondent's question about whether it has been signed by the prime minister or not was met with a shrug of the shoulders at both the government apparatus and at the well-informed Working Center for Economic Reforms. I would like to believe that we will not see Viktor Chernomyrdin's signature on this document, which frankly calls into question the sovereignty of the Russian state.

Background to Iran Nuclear Deal Analyzed

954F2564A Moscow MOSKOVSKIYE NOVOSTI in Russian No. 36 21-28 May 95 p 13

[Article by Azer Mursaliyev under the rubric "The World and Us": "On the Role of Chairs in World Politics: Oil Is the Hidden Cause of American-Russian Disagreements Over Iranian Nuclear Power Station Construction"]

[FBIS Translated Text] Politics is probably the most taboo-ridden part of human culture. A politician will never say: "It is more convenient for us to enter our apartment through your door—leave it open." Instead, he will start talking about a chair in the next room. He will say that this chair represents a universal human value (or, on the contrary, a threat to humanity), and you may break it if you sit on it carelessly; moreover, you cannot guarantee its safety (or prevent the threat it represents), and one day your children will bitterly regret your foolish actions. You, in turn, knowing perfectly well that the chair is not the point, will reply that your great-grandfather used to sit in this chair (and the dearly beloved was extremely heavy!), and nothing to it—the chair not only held up but even acquired a certain elegance of shape, and that it was possibly even made from a tree that has grown since time immemorial by the porch of your ancestral nest. And when everybody's attention is attracted to your argument, you will suddenly, at a private meeting, strike a deal to sit in the chair only on even days or to take turns. And you announce to the world that you have reached a reasonable compromise.

In reality, however, the chair belongs to the neighbor in the first place, and the door to the apartment behind it is the neighbor's, too.

CIS: The Iranian Factor

Something similar has been happening lately in the rather difficult dialogue between Washington and Moscow on the subject of the Russian-Iranian deal to build a nuclear power station [AES] in Bushehr in the southern part of Iran. Upon closer examination of this item in the context of what is happening in the huge region from the southern shore of Iran to the Russian Far East, it is not difficult to notice that the Bushehr AES is nothing more than a chair. The main point is dividing the former communal apartment—the fight for redistribution of the former Soviet Union's resources, first and foremost, oil and gas.

This fight has long transcended the framework of the famous Caspian oil contract, signed last year between Azerbaijan, a consortium of Western companies, and the Russian LUKoil. American oil concerns have advanced far to the north and west from the Azerbaijani shore. Amoco—one of the Caspian contract's participants—is developing the Priobskoye oil field jointly with the Russian YuKOS, and Texaco is beginning work in the Timano-Pechorskiy field. Exxon, which recently received 5 percent of the Azerbaijani share, has established itself in the Kazakhstani Karachaganak gas condensate deposit and the Sakhalin shelf. Chevron is in its second year of developing Tengiz. Conoco, which two months ago had a billion-dollar deal with Iran blocked by the Clinton administration, is one of the most successful joint enterprises in Russia. Mobil also is making an energetic entry into the post-Soviet market. Of course, not everything is going smoothly in the CIS for the Americans—or other Western companies, for that matter. However, the greatest problem for Western companies is the question of exporting the oil and gas produced in the central part of the continent.

Dependence on existing Russian pipelines is not acceptable to the West: The example of Chevron, which had to suspend development work because of problems with the Russian pipeline to Novorossiysk, is too obvious. Therefore, the West prefers the proposed alternative route for transporting oil and gas through Turkey, which, in turn, does not suit Moscow. In the Russian-Turkish "cold war" for engineering communications, already in its second year, both sides seemingly have done everything possible to block each other. Ankara closed its straits to Russian tankers, Armenia—its dry-land routes from the Caspian region to Turkey. The recent voyage of American Deputy Secretary of Energy Bill White to the Transcaucasus and Central Asia was directly related to problems of the development of post-Soviet energy resources and their transportation.

Against the background of this multiple-move struggle filled with events, nobody paid any attention to the fact that Iran, which initially none of the sides took seriously, was suddenly patiently and quietly strengthening its positions in the region. Keeping an eye on practically every single postcommunist conflict, Iranian diplomats have managed to befriend both parties to the conflict. While actively supporting the Bosnian Muslims, Tehran at the same time established bridges with Beograd by secretly delivering oil to it in violation of the embargo. The Russian-Ukrainian "gas wars" enabled Iran to reach an agreement with Kiev on long-term future cooperation. A joint Iranian-Azerbaijani-Georgian-Ukrainian company to build a pipeline was set up; construction of the Odessa terminal is being carried out to a large extent on the assumption of the future flow of Iranian oil. At the same time, Iran did not neglect to make all sorts of efforts to establish contracts and cooperation with Russia. In the Transcaucasus, Iran has managed to become the "lifeline" for both Armenia and Azerbaijan. But the most impressive success was achieved by Iranian diplomacy in Central Asia, despite the fact that this was precisely where it was most attentively and zealously watched.

Essentially, Iran is gradually beginning to displace Russia in the area of transit of freight for Central Asian countries, despite the fact that today they are only linked by highways. By March 1996 it is envisaged that construction of a railroad will be completed, which will link Iran and Turkmenistan, and the entire region at the same time. At the recent meeting between Presidents Saparmurat Niyazov and Ali Akbar Hashemi-Rafsanjani an agreement was reached to build a gas pipeline from Turkmenistan to West Europe through Iran and Turkey and oil pipelines to refineries in Tehran and the south of Iran. As Niyazov announced at the Ankara meeting of the board of the consortium for export of Turkmen fuel to world markets, Turkmenistan will begin laying the gas pipeline as soon as May 1995.

Moreover, Tehran, despite being officially frowned upon in Washington, is trying to establish closer direct relations with American companies, coming up with tempting proposals. For instance, Iran has proposed what may at this point be the easiest way of transporting Caspian oil out: Western companies deliver the oil they produce to Iran, and the latter reissues them its own oil in the same volume in the Persian Gulf.

Taken together, all this is what caused a new surge of U.S. irritation with Iran over the past few months. The last straw was Tehran's attempt to join the Caspian contract.

Russia: Between the United States and Iran

On 12 November 1994 Baku offered Iran 5 percent of its share in the contract—officially, in exchange for financing the Azerbaijani part of the project. The true context of the proposal was different, however. By that time, Azerbaijan was de facto blockaded on the Russian side. Activization of the pro-Russian opposition in Moscow; the recent coup attempt (October 1994) and preparation for another one (which took place in March 1995); the demand of the RF [Russian Federation] MFA [Ministry of Foreign Affairs] to revise the status of the Caspian; the concentration of Russian troops in the North Caucasus, on one hand, and the emerging trend toward rapprochement in Russian-Iranian positions, on the other, did not leave Baku any room to maneuver. In these circumstances, bringing Tehran in as a "shareholder" pursued the goal of not permitting Iran and Russia to form a joint anti-Azerbaijan bloc.

But then the United States stepped in, issuing an ultimatum to Azerbaijan: Iran or us. At the same time, Washington again began bringing up the Iranian threat, accusing Tehran of two sins: supporting international terrorism (information leaks began immediately hinting that an "Iranian trail" is clearly visible in the "Lockerbie case"—the bombing of an American airliner over Scotland in 1988, blame for which had been pinned on Libya, which had for this reason been subjected to UN sanctions) and an attempt to build its own nuclear bomb, aided in this by Russia, which intends to build an AES in Bushehr. Baku did not hesitate long—the share promised to Iran was assigned to the American company Exxon (with the Turks getting an equal share, too). The enraged Iran, thereby joining the well-known position of the RF MFA, declared that it will not recognize the consortium's legitimacy until all the questions of the Caspian's legal status are resolved. It seemed that what Azerbaijan feared most—the emergence of a Russian-Iranian bloc—had indeed happened. But by then the second coup attempt in Baku had been suppressed, the Russian-Azerbaijani border opened, and goods begun to flow. Neither did dangerous changes occur, despite expectations, on the Armenian-Azerbaijan front—on the contrary, on 12 May an exchange of prisoners and hostages took place.

On the eve of the meeting between Bill Clinton and Boris Yeltsin, something scandalously mysterious took place, which almost prompted pundits to speak of a perceptible warming of Russian-Azerbaijan relations: Ayaz Mutalibov, the former president of Azerbaijan and leader of pro-Russian opposition, was detained in Moscow and almost handed over to Baku law enforcement.

Most interestingly, almost in parallel with Mutalibov, another Azerbaijani ex-president came into the focus of attention—Abulfaz Elchibey, leader of the pro-Western opposition. Elchibey issued the statement that the time had come for the unification of northern and southern Azerbaijan. Keeping in mind that southern Azerbaijan comprises a good one-third of Iran, and Azerbaijanis constitute the most numerous ethnic group in this country, it is not difficult to see that this statement fits quite logically into the context of the West's new offensive against Iran. At the same time, reports started to come in regarding the creation in Iran of a National Liberation Front of Southern Azerbaijan. President of Uzbekistan Islam Karimov, who spoke very negatively on several occasions about the Iranian-Turkmen friendship, also supported Washington's anti-Iranian position.

If Elchibey's statement moves even partially into the realm of real policy, any idea of a transit of Caspian fuel through Iran will have to be scrapped for a long time to come. And the imminent Iranian victory in the "communications cold war" will turn into a crushing defeat. True, for this Azerbaijan must have at least a relatively safe rear—if not friendly, at least stable relations with Armenia and Russia.

Judging by all signs, this, rather than the Bushehr AES and Islamic terrorism, is at the heart of the Russian-American negotiations. And keeping in mind that Moscow, which almost gave up one chair (that is, Mutalibov), did change its mind at the last moment, limiting itself to another—refusal to supply the gas centrifuge for the Iranian nuclear industry—these negotiations are not yet complete.

[begin box]

Angle: Caspian Entente?

The Russian-Turkmen talks that were held last week in Moscow, in the course of which the parties agreed to create a North-South transportation corridor (Russia—Turkmenistan—Iran) and a coordinated approach to the Caspian problem, point to further developments in the oil plot. Now three out of five Caspian countries—Russian, Iran, and Turkmenistan—take a shared position on revising the Caspian Sea's status and conducting oil and gas exploration at sea with the consent of the sea-adjacent countries. This, in turn, jeopardizes the future of the Kazakhstani (with Chevron) and Azerbaijani oil contracts.

It is obvious that the arguments of U.S. Deputy Secretary of Energy White, who recently exhorted the Turkmenbashi to view Russia and Iran as first and foremost competitors, did not convince the latter. As to Moscow, after reneging, under pressure from Washington, on the part of the nuclear contract with Iran, it intends to expand cooperation with Tehran in other energy sectors—oil and gas.

Gromov Urges Ties Between NATO, Eastern Europe

LD2006080895 Moscow ITAR-TASS in English 0653 GMT 20 Jun 95

[By Sergey Startsev]

[FBIS Transcribed Text] ROME, June 20 (ITAR-TASS) — Commander-in-Chief of the Russian Navy Admiral Feliks Gromov, who arrived for an official visit to Italy today, went on record for closer cooperation between the NATO and East European nations to ensure European security and implement the "Partnership for Peace" programme within the frameworks of the OSCE.

He told a briefing, held at the Italian Naval Headquarters in Rome, that naval forces could play the key role in safeguarding peace and ensuring stability in the planet's crisis zones. Speaking about the situation in former Yugoslavia, the admiral stressed that it was most difficult to resolve such grave problems by force alone. He called for the elaboration of a set of collective political and military measures to break the deadlock.

Gromov told his Italian colleagues about the prospects for the development of the Russian navy, the power of which is to be shortly brought in line with the country's economic potential. The navy's effectiveness is to be enhanced parallel with this. The admiral ruled out the possibility of military-industrial cooperation with Italy for the time being, but implied that it was quite possible in the future.

Chief of the Italian naval staff Admiral Anjelo Mariani, who received the distinguished Russian guest, said that two Italian warships will visit Severomorsk in July. He also noted that Italian sailors planned to take part in the celebration of the 300th anniversary of the Russian navy.

Duma Committee Head on Integration in NATO

954Q0222A Moscow NOVOYE VREMYA in Russian No. 23, Jun 95 (Signed to Press 6 Jun 95) p 22

[Article by Sergey Yushenkov, chairman of the State Duma Committee on Defense: "Security. Integration With NATO—a Blessing for Russia: If Russia Continues To Refuse To Cooperate With Former Enemies, They Will Become Enemies Again"]

[FBIS Translated Text] In May 1995 40 years had passed since the formation of the Warsaw Pact, which was created for the protection of the conquests of socialism against the aggressive NATO bloc. Official commentaries included its open character among the merits of the agreement, and they criticized the closed character of NATO.

The Warsaw Pact has not been around for several years now, and NATO is frightening us no longer with its closed nature but with its desire to become an open alliance which might be entered by all who are willing to meet certain conditions.

The post-Yalta world is faced with a dilemma: What should lie at the basis of the system of international security—balance of forces based on a confrontation between the two blocs or cooperation and integration of all security structures? NATO expansion may serve equally both to restore the usual system of world relations and to create a principally new model of world relations. Everything depends on the role that will be assigned to Russia. But only it can determine this role for itself.

At the present time in official circles of our government the prevailing opinion is that NATO expansion runs counter to Russia's interests. Is this true? Yes and no.

Yes, because the very fact of the expansion of NATO will be used by nationalistic forces of Russia to fan anti-Western hysteria within Russia, and the reactionary generals will take advantage of this circumstance to wring out additional allocations for military purposes. Of course, if the tendency toward confrontation continues, the majority of disarmament agreements and measures of confidence that have been achieved will be renounced or not ratified. And we will all return to a world with the typical confrontation of the two systems. In my view, this is a very gloomy prospect and absolutely not in keeping with the strategic interests of Russia or of the entire civilized world.

No, because the expansion of NATO in and of itself means nothing. Expansion even weakens NATO. In the first place it will lead to difficulties in adopting coordinated decisions, since the consent not of 16 but of a greater number of participants will be required; second, with the possible exception of the Czech Republic, not a single country that is a candidate for membership in NATO meets the standards of the North Atlantic Alliance or is prepared to bear the burden of additional costs, which in this case would lie on the shoulders of current participants in the alliance; third, the majority of candidate countries have a very high degree of uncertainty in their development, right down to the possibility of returning to one or another form of totalitarian regime; fourth, there arises the problem of ratification by the parliaments of all 16 NATO countries of the adoption of new members—the NATO countries are not all unanimous.

There is a way out of the present situation. Russia must direct its policy toward integration with NATO. It is necessary to begin to implement the Partnership for Peace Program. It is necessary to sign and begin to implement the Russia-NATO program. Russia must enter NATO as an associate member. After Russia is accepted into NATO as an associate member, there can be discussion of the acceptance of other states into it. Then there will be no risk of returning to Cold War times.

Border Service Chief Cancels Trip to Beijing

LD2006055595 Moscow ITAR-TASS World Service in Russian 0443 GMT 20 Jun 95

[By ITAR-TASS correspondents Pavel Spirin and Vyacheslav Tomilin]

[FBIS Translated Text] Beijing, 20 Jun (ITAR-TASS) — Andrey Nikolayev, commander-in-chief of the Russian Federal Border Service, whose name figured in the list of passengers on the Aeroflot flight to Beijing early this morning, has urgently postponed his trip to China.

Diplomatic sources have told an ITAR-TASS correspondent that the postponement of the visit to "a later date" was due to "well-known events of an extraordinary nature within Russia." They assume that this refers to the deterioration in the situation on the southern borders of the Russian Federation in connection with the recent actions of Chechen fighters.

There were plans to sign a Russo-Chinese intergovernmental agreement on coordinating the parties' measures to maintain border security during Andrey Nikolayev's visit to Beijing.

Government Approves IBRD Loan for Training

MM1906124095 Moscow ROSSIYSKAYA GAZETA in Russian 15 Jun 95 First Edition p 6

[Russian Federation Government Decree No. 565 "On Approval of the Agreement Between the Russian Federation and the International Bank for Reconstruction and Development on a Loan To Fund a Project To Train Financial and Administrative Cadres," signed by Russian Federation Government Chairman V. Chernomyrdin and dated 7 June 1995, Moscow — from the "Document" section]

[FBIS Translated Text] The Russian Federation Government decrees that:

1. The Agreement Between the Russian Federation and the International Bank for Reconstruction and

Development (IBRD) on a Loan of $40 million To Fund a Project To Train Financial and Administrative Cadres, signed in the city of Washington 25 April 1995, is approved.

2. It is prescribed that reimbursement of the IBRD loan funds will be made from resources of the federal budget and the National Foundation for Training Financial and Administrative Cadres in accordance with the Agreement Between the Russian Federation Ministry of Finance and the National Foundation for Training Financial and Administrative Cadres.

3. The Russian Federation Ministry of Finance is to make provision for the annual allocation of resources for servicing and repaying the IBRD loan.

4. The Russian Federation Ministry of Finance is instructed to inform the IBRD of the Russian side's fulfillment of the conditions necessary for the agreement mentioned in Paragraph 1 of this decree to come into force.

[Signed] Russian Federation Government Chairman V. Chernomyrdin

Political Issues

Yeltsin Refuses To Reveal Reaction to No-Confidence Issue

LD2006130095 Moscow ITAR-TASS World Service in Russian 1225 GMT 20 Jun 95

[By ITAR-TASS correspondent Andrey Shtorkh]

[FBIS Translated Text] Moscow, 20 Jun — Asked by journalists gathered in the Kremlin today what the Russian president would do if the State Duma were to vote no-confidence in the government, Yeltsin said: "Do not push me toward premature decisions". The Duma is to examine the issue tomorrow, and if deputies express no-confidence in the government, "I will have my say. And it will be as I say", Yeltsin said.

Yeltsin met the media after receiving credentials from foreign ambassadors.

Yeltsin Supports Chernomyrdin's Handling of Hostage Crisis

LD2006122495 Moscow ITAR-TASS in English 1213 GMT 20 Jun 95

[By Andrey Shtorkh]

[FBIS Transcribed Text] MOSCOW June 20 (ITAR-TASS) - President Boris Yeltsin said the actions of Prime minister Viktor Chernomyrdin were correct in ensuring the release of Budennovsk hostages and added he was in constant contact with the premier during his talks with Chechen terrorists.

"I see no mistakes on his part", Yeltsin told reporters Tuesday adding that he was "in constant contact with Viktor Chernomyrdin if not each half an hour, than every hour".

Yeltsin said he had instructed Security Council secretary Oleg Lobov to investigate the causes of the Budennovsk tragedy and said those responsible for allowing the terrorist act will be named and punished after Lobov returns from Budennovsk next week.

Lobov is to study on the spot and in detail all aspects of the tragedy, as well as various documents. A special meeting of the Security Council will be devoted to the Budennovsk tragedy, according to Yeltsin.

Leaders Rearrange Schedules To Deal With Hostage Crisis

Yeltsin Postpones Mari-El Visit

LD2006103195 Moscow INTERFAX in English 1024 GMT 20 Jun 95

[FBIS Transcribed Text] MOSCOW, June 20 (INTERFAX) - President Yeltsin's planned trip to Mari-El has been postponed, presidential press-secretary Sergey Medvedev has informed.

He explained that President Yeltsin was too busy with the events in the Budennovsk, the Stavropol territory, where Chechen terrorists last week seized a large group of hostages. "President Yeltsin's schedule over the past few days is entirely linked with the problem of overcoming the consequences of the terrorist attack in Budennovsk," Medvedev said.

President Yeltsin has met with Russian Security Council Secretary Oleg Lobov and instructed him to fly to Budennovsk to investigate the causes of the tragedy. Lobov is to present a detailed account to the president and report on the trip to the Security Council.

Lobov has left for the Stavropol territory.

The presidential press-service has said that President Yeltsin has instructed his envoy to help settle the situation in the region, secure the early release of hostages, help them return home, and make thorough preparations for the security council's session devoted to the tragic events in Budennovsk.

Chernomyrdin Alters Work Schedule

LD2006103895 Moscow INTERFAX in English 0925 GMT 20 Jun 95

[FBIS Transcribed Text] MOSCOW, June 19 (INTERFAX) — Russian Prime Minister Viktor Chernomyrdin has changed his work schedule for this week in the wake of the Budennovsk tragedy, reliable sources in the government's staff have said.

Chernomyrdin has cancelled his trip to the Orenburg region in the South Urals, scheduled for June 20-21. He planned to visit his home village of Chernyy Otrog and the grave of his elder brother.

Prime Minister Chernomyrdin is holding a meeting with President Boris Yeltsin today.

On Wednesday Chernomyrdin will hold several conferences at his office, contact regional leaders and work on documents.

On June 22 he will attend the Cabinet's meeting to be chaired by President Yeltsin. The president is expected to issue specific instructions to the Cabinet and present a budgetary message to the government containing guidelines for next year's economic, credit and finance policies.

Later in the day Chernomyrdin will fly to Samara for a meeting with the leaders of defence and aircraft building enterprises of the region and a regional conference of the Russia Is Our Home election alliance he is the head of.

Shumeyko Postpones Tatarstan Visit

LD2006110195 Moscow ITAR-TASS in English 1016 GMT 20 Jun 95

[By Lyudmila Yermakova]

[FBIS Transcribed Text] MOSCOW, June 20 (ITAR-TASS) — The scheduled for today visit to Tatarstan by Vladimir Shumeyko, Chairman of the Russian Federation Council (Upper House of Parliament), has been postponed for some time, Yuriy Algunov, Head of the Russian Federation Council press center, told journalists. Vladimir Shumeyko, being a member of the Russian Security Council, must stay in Moscow now, since the development of the situation in Chechnya may call for convening the Council at any moment.

According to the Speaker of the Parliament's Upper House, owing to the events in Budennovsk and anxiety, above all, is caused by the fact that there is "no effective smoothly working system of security in Russia which could be in keeping with levels of the state and protect its strategic interests".

The Federation Council has expressed a sufficiently harsh assessment of the terrorist act in the Stavropol Territory. The statement issued by the Upper House said that the tragedy in Budennovsk, testifying to serious intentions of the extremists, took place as a result of "the absence of a comprehensive well-founded North Caucasus policy of the federal bodies of the executive, a clear cut programme of actions aimed at stabilization of the situation and ensuring security of conditions of life of the population in that region".

Gaydar Says Premier's Future Depends on Hostages' Lives

LD2006111495 Moscow ITAR-TASS in English 1056 GMT 20 Jun 95

[By Lyudmila Aleksandrova]

[FBIS Transcribed Text] MOSCOW, June 20 (ITAR-TASS) — The Russia's Choice faction of the State Duma will announce its decision on how it will vote on a motion of no confidence in the government only on Wednesday morning, leader of the faction and chairman of the Democratic Russia's Choice party Yegor Gaydar told a news conference on Tuesday.

The decision will depend on whether the voluntary prisoners, who agreed to act as a "live shield" for Chechen terrorists on their way to Chechnya and among who there are four members of the faction, will be alive, Gaydar said.

He expressed satisfaction with the decision of the Prime Minister Viktor Chernomyrdin to start talks with the terrorists and thus free the hostages and said that changed the faction's attitude towards the government.

In the meantime, the President's position was "extremely unclear and inadequate", according to Gaydar.

He, however, emphasised that his party did not drop the demand for the resignation of the chiefs of the law enforcement agencies who were responsible for the terrorist attack on Budennovsk.

Gaydar rejected as premature a forecast for further developments in case the State Duma passed a no-confidence vote in the government.

He said the Prime minister's future would depend on the cause of events later today.

Media React to Government's Handling of Budennovsk Crisis

Events Reflect Russia's 'Brutalization'

MM1906110895 Moscow SOVETSKAYA ROSSIYA in Russian 17 Jun 95 p 1

[Article by Zhanna Kasyanenko: "A Bloody Campaign"]

[FBIS Translated Text] There is every reason to regard what has happened in Budennovsk as a concentrated expression, taken to the point of absurdity, of the general situation in the country. Brutalization. World experience of terrorism knows no parallel for what is happening, specialists believe, just as there are no parallels for the disintegration of a state like ours. When the state disintegrates, the individual disintegrates too. Prohibitions are swept aside which for a certain proportion of citizens (and this group exists in every society) were defined not by their own moral standards, but exclusively by fear of retribution and the inevitability of punishment and public contempt.

Let us take as an illustration, for instance, certain details of the Budennovsk tragedy. The terrorists traveled to Budennovsk from the direction of Dagestan in two Kamaz trucks with semitrailers. They passed unhindered through two rayons of Stavropol Kray — Neftekumskiy and Levokumskiy. There were posts everywhere along their route. Whenever they were stopped, they showed travel documents and said they were carrying "cargo 200," that is, zinc coffins. Why were the police and the federal troop patrols so gullible? Could it be because "cargo 200" has become a familiar, routine cargo on this route, by which formerly, in a normal country, tomatoes and melons used to be transported? Coffins are a familiar cargo, and we are no longer even aware how distorted and deformed our way of thinking has become under the weight of this cargo which has become familiar to us. It was partly as a result of this familiarity that an evil, brutalized force attacked the peaceful inhabitants of Budennovsk. True, a suspicion did arise in Levokumskiy Rayon, and this was reported by telephone to Budennovsk. But the rayon police station there did not attach significance to it and did not prepare for the encounter. It was the lunch break, the weather was hot, only a few staffers remained at the station — and they were the first casualties.

Armed with automatic weapons, machine guns, and grenade throwers, the gunmen unleashed urban warfare. Right there in the yard of the hospital to which they drove the hostages, seven peaceful inhabitants were shot dead — people who they themselves had wounded and who had been taken to hospital to get help. Instead of help, they got bullets.

Who sent these gunmen on their bloody campaign? That man's name will never be known to us in the sense that he will be held accountable for this terrible crime. The experience we have already accumulated in the investigation of acts of terrorism suggests this, does it not? Strictly speaking, the question of the investigation of any such crime must be approached from the social viewpoint: Through whose fault or ill will were the prerequisites created for it, such as, for instance, the possession of weapons, the ineffectiveness of the laws, the very fact of the existence of interethnic strife and enmity? In fact, we all know the answers very well, and therefore we can say with every justification who is the culprit, not just the perpetrator.

The city trembled. But we all remained apathetic. It seemed that the whole country was sitting by its television set that day, observing the murder of its fellow citizens with a numb fatalism. Yeltsin was preparing for his trip to Canada for the G-7 meeting, Chernomyrdin continued his vacation in Sochi, Yerin reported that the war in Chechnya was over, "human rights campaigner" Kovalev was going round Europe collecting second-rate prizes instead of the promised Nobel....

I think the president wanted to believe in victory. The ending of the war was so badly needed prior to the "presentation" in Halifax. In general he is showing remarkable credulity as regards this war. Over the past six months he has several times informed us that the war was over. He did so on 10 January when the federal troops took the presidential palace in Groznyy, and on 10 May, when Bill Clinton was visiting Moscow and clearly was not very comfortable about sitting at the same table with a man who had unleashed war in his own country. There is reason to believe that the timing of the attack on Budennovsk was not chosen accidentally, but remarkably carefully. The representatives of G-7 are hardly going to want to treat as an equal a president who is unable to protect his own citizens from ruin and violence.

You do not have to be a prophet to predict that this attack is not the last of its kind. The war has certainly not ended with the taking of Shatoy, it has simply entered a new stage — the stage of guerrilla warfare against Russia. This will be far harder to win than open warfare. Dudayev himself is further beyond reach than before. Clearly the Russian authorities did not want in the first place to take him alive and consign him to trial. Although that could have been done, in the view of professional soldiers, with far fewer losses and less damage. That would have made it possible to decapitate the resistance and nip it in the bud. But apparently Dzhokhar Musayevich knows too much to expect civilized punishment under the law. At best they will let him go abroad, at worst they will kill him. But they will not let him talk. That is equally against the interests of certain people both in Russia and abroad — those forces that are behind him, supporting him morally and financially. Dudayev, being well aware of that, will continue to the end. He cannot expect victory, and defeat means death. So the length of his life is measured by the days of the war.

What does that mean for us all?

You, reader, imagine just for a moment the tragedy of hundreds of thousands of people tossed aside by war. I talked to people in Nazran yesterday. Some 200,000 refugees have gathered there. They have nowhere to live and there is a disastrous food shortage. People are fainting from hunger. The spread of disease has begun — diphtheria, intestinal infections; lice are rampant. Until the war ends, until the last gunmen are eliminated, their position will go on getting worse. The most desperate and enterprising will begin actively swelling the ranks of criminal gangster formations in both Russia and Chechnya.

A huge number of refugees has accumulated in Stavropol Kray. After Budennovsk, the kray's law enforcement organs and administration will have enormous difficulty preventing local flare- ups over trivial issues which could at any moment turn into something more serious.

The peaceful equilibrium is illusory and fragile. Today we are all in the line of fire. I do not want to cause fear or panic. But that is the reality. Any provocation would suffice to detonate an explosion. I simply want every one of us to realize: It was not the Chechen people who got us into this situation. For the whole of Russia — in which I naturally include Chechnya — this was devised and prepared by the Yeltsin regime. This war is not infrequently compared with the [19th century] Caucasus wars under the command of General Yermolov. What dangerous ignorance! True, that war was also a wound, but the wound was clean and sterile, and therefore it healed fairly quickly, almost without scars. In this way the doctor wounds the sick main so that the organism as a whole can survive. That wound was inflicted for the sake of the cohesion and strengthening of the organism of Russian statehood. This one was dirty from the outset, and therefore will hurt and fester for a long time.

Ready Resort to Force Hit

MM1906154595 Moscow IZVESTIYA in Russian 20 Jun 95 pp 1-2

[Article by Otto Latsis: "Brutality Breeds Nothing But Brutality"]

[FBIS Translated Text] The tragedy in Budennovsk is causing nothing but horror and indignation in connection with the terrorists' actions. It is also prompting distressing questions over the Russian authorities' actions.

The first question goes back to the start of the events: How could such a thing be allowed to happen? Basayev's explanation (that his men bribed their way past the State Motor Vehicle Inspectorate checkpoints) seems plausible but is not sufficient in itself. There is still no answer to the question of what caused such a terrible oversight, and in this instance we can hardly wave it aside by saying that first it is necessary to finish the operation to release the hostages, and the "post mortem" can come afterward. First, experience shows that a post mortem does not follow afterward. Second and most important, unless this question is answered we cannot be confident that we can entrust the leadership of the hostage release operation to those who have been carrying it out. Judging by what has been officially reported so far (the Stavropol sector of the Chechnya border is not guarded by border troops), the main blame for the terrorist incursion rests on Viktor Yerin's department. And the hostage release operation has been led by Hero of Russia Viktor Yerin.

So can we count on him?

The bloody chaos on 17 June confirmed our worst fears.

The shelling and storming of the hospital were undertaken as though hundreds of total innocent people, children among them, were not there standing alongside the terrorists. I am not casting aspersions on the Spetsnaz troops who risked their lives taking part in the storming of the hospital or who died. It seems that never before in history has there been a hostage-taking in such large numbers or in such a vast complex of buildings. I concede that it was impossible to conduct the assault any other way. So does that mean that it should not have been conducted at all?

After the abortive assault, which left dozens of people dead and failed to secure the release of the majority of the hostages, Viktor Chernomyrdin entered into live telephone negotiations with the terrorist ringleader and reached an agreement. So why could they not have tried to hold talks about storming the building without actually storming it? After all, the Russian Government has constantly stated that what it wants is a cease-fire and peace in Chechnya.

The logical answer is regrettable: What made this impossible was that someone in the government evidently does not want peace as strongly as the prime minister states that he does. It is no coincidence that 17 June was almost a rerun on a smaller scale of the whole terrible history of the war in Chechnya: "We do not talk to bandits"; we shoot first and ask questions later. But the price of that "principle" is human lives. Let us recall a few details of the terrible day's events.

The shooting began, people died, hostages and residents of the city called for the assault to be stopped, Duma deputies arrived and asked for Vice Premier Yegorov but could not find him. Everyone is asking who gave the order for this crazy assault — but no one knows.

The most depressing thing is the crude demagoguery in Viktor Chernomyrdin's television performance that day. In his opinion, apparently, "even those who sympathized with Dudayev and condemned the war" ought to change their minds after the Budennovsk events. Does that mean that everyone who condemns the war in Chechnya does so solely because of sympathies for Dudayev's unlawful regime? Well, I do not believe that the premier is unaware of what kind of unworthy slander he has uttered. It is impossible not to know that the people condemning the war sympathize not with Dudayev but with the mothers of the Russian soldiers who have died and with the children killed in Chechnya.

Nor can our premier fail to understand something else. Basayev's action is monstrous and criminal; it is an objective act of provocation against Russia's peoples regardless of whether Basayev intended it or realizes it. However, let us not forget that the tragedy in Budennovsk happened not BEFORE but AFTER the bloody conflagration right across Chechnya, which cost tens of thousands of lives. This does not exonerate the terrorists. But how little respect for us all must you have to appear before the whole country and use such arguments to justify after the event the actions of a government which unleashed the war?

Those who could not resist the temptation to use such justifications (they include, unfortunately, the Russian president) should remember the circumstances that helped to bring Basayev himself to the fore. It was the war in Abkhazia which turned him from an ordinary gunman into one of the main military figures in Chechnya: It was in Abkhazia that he pulled the chestnuts from the fire in the interests of the supporters of Russia's imperial policy.

The tragedy in Budennovsk has brought to the brink of the abyss not only the hostages in the city hospital. Today the whole of Russia is being held hostage. It is hard to say how serious are the intentions and the potential of the Cossack hetman who promised on television 17 June to seize and shoot peaceful Stavropol Chechens. But it is clear that he is not alone in holding such sentiments. It is clear that, were something similar to happen, not just one Basayev would appear before us; this would be just the beginning, and the fire would spread throughout Russia.

It is very possible that this is precisely what someone wants, because it would be the very best way to put an end to the hopes of renewing Russia. Everything that is happening now is amazingly reminiscent, down to the details, of the events of January 1991: the shooting in Vilnius with the unlikely "ignorance" of all the authorities, and the attempts to set peoples on a collision course in order later to "instill order" with an iron hand. We know how short the path was from January to August 1991.

President Yeltsin's position and behavior today are strikingly reminiscent of President Gorbachev's position and behavior at that time, four years ago, during the final months that he was in power. The same unconvincing, inaccurate words, the same uncertain actions, the same glaring dependence in his opinions on some obviously one- sided information. Why did the very timely and necessary statement that we do not place an equals sign between the bandits and the Chechen people have to be preceded by strange words about Chechnya as a center of world terrorism? Why was it necessary to transmit an improbable report about Dudayev's intention to flee to Turkey?

Should the president have gone to Halifax during such a tragedy? Serious considerations militated in favor of the trip, if you consider the significance to Russia of the questions discussed there of deferring our debt repayments and admitting Russia to international economic organizations. The trip was permissible if.... If the president, before departing, had given his consent not to an assault but to peace talks. If he had ordered the premier to go without delay to Budennovsk so that everyone would know, in the event of adventures like an attempted assault, who was responsible for such actions. If those carrying out the operation were not specialists like Yegorov and Yerin. If in Halifax he had asked for direct assistance from specialists in combating terrorism, who are available in other countries and who have carried out similar operations more successfully.

We live today in a weak state. This is becoming clear to everyone who compares, for example, the speed and effectiveness of actions by the U.S. and Japanese authorities in response to mass terrorism in those countries with the ineffectual investigations into political assassinations in Russia and the "strange" organization of the struggle against terrorists in Budennovsk. Our state's weakness does not lie in the absence of a "firm hand." Its weakness lies in total indifference to the fate of living people, for whose sake law and order are supposedly established. The U.S. state confirms most graphically of all its title as a great power when it unhesitatingly sends in huge forces to rescue a single pilot hiding in the forests of Bosnia. The Russian state demonstrates impotence most clearly of all when it thoughtlessly uses force to destroy its own citizens.

Commentator Sees Yeltsin 'Defeat'

LD2006060595 Moscow Radio Rossii Network in Russian 0200 GMT 20 Jun 95

[FBIS Translated Text] The tragedy in Budennovsk and the events which followed remain the focus for commentators. Here is Leonid Rastakovskiy, the well-known publicist, with his thoughts on how the situation may develop in the upper echelons of power:

[Rastakovskiy] The president has virtually washed his hands of a problem created by his policies. The president has in effect suffered a serious moral and political defeat.

Chernomyrdin untied the knot. Let us be frank: the state capitulated in the face of terrorist blackmail. Did Chernomyrdin have any other option, if you take into account the weakness, inefficiency, and amateurishness of our authorities, the military and militia in the first place? He had no other option.

This is a very serious defeat for the country and for the state. It is not hard to see that a success like this for the terrorists could provoke a powerful wave of terror. What are the possible consequences of this affair?

It is no problem for our state to trick the Chechens, of course, by starting talks and not finishing them and renewing the war in Chechnya. But a trick like that would bring shame on the state in the eyes of the world forever.

It seems that Viktor Yerin will be chosen as the whipping boy. It seems that Grachev will be sacked. It also seems likely that Stepashin, who is not a professional, will be given the sack and will go back to being a specialist on political work in the military fire brigade.

So it seems very likely that the heads of the power ministries will lose their jobs. The government, of course, will not resign. As for Yeltsin, in my opinion he has suffered the most serious moral defeat in his career and it is fully comparable to the defeat suffered by Gorbachev when he returned from Foros [after the failure of the coup in August 1992] to Russia. Formally, he returned as president, but in reality he had lost the moral right to rule.

Editor Scores 'Frightened' Government

MK2006075095 Moscow SEGODNYA in Russian 20 Jun 95 p 1

[Report by Dmitriy Ostalskiy: "A Week of National Disgrace"]

[FBIS Translated Text] For six days the country's leadership demonstrated utter helplessness in front of the whole world. The word "Budennovsk" will now become synonymous not only with a great tragedy but also an unprecedented humiliation of the Russian state.

Possibly Shamil Basayev lied when he said that he simply did not have enough money to pay off "the greedy traffic police." Otherwise his detachment "would have reached Moscow." These words by Basayev, however, sound more than plausible to the Russian ear. The incident in Budennovsk fully demonstrated the corruption of many state institutions.

The most terrible thing is that the population saw not just a confused but **frightened** ruling establishment. This fright was caused not so much by its concern over the hostages' fate as over its own fate. Unfortunately, I am in no position to assess how professionally the operation to storm the Budennovsk hospital was carried out. But I understand very well the political meaning of the statement by an official government spokesman (presumably made far from at his own initiative) that this was not an assault but an emotional reaction by special purpose units. This statement, made almost at the moment when the assault was in progress, meant nothing else but an attempt by the government — or, to be more accurate, the prime minister — to dissociate itself from its own power structures which risked their lives in trying to release the hostages, whether or not they did it efficiently.

The subsequent "explanations" from the president to the effect that the assault order was coordinated with him separated the premier from the president. At that moment, Viktor Chernomyrdin was apparently very ill at ease, one to one with an outraged Duma ready to give him a vote of no confidence, and the population beginning to understand that the state is incapable of defending anybody. The premier began to act.

To be sure, a state's main task is the protection of its citizens. Any amount of effort is a worthwhile price for the saving of at least one human life. Public humiliation before terrorists, however, will bring new and probably even more numerous victims. Viktor Chernomyrdin should be given credit for being the only person capable of making any definite decisions. Apart from Shamil Basayev, who, thanks to the efforts of Russian state structures, has now become Chechnya's national hero and, in all likelihood, its real leader, our premier has also scored points in this incident: Now he has strengthened his positions in the Duma and has appeared quite responsible and decisive in the eyes of future voters. Nonetheless, his order written to the dictate of terrorists does not diminish the feeling of shame for our state.

Russians 'Hostages' to 'Incoherent' Policy

MM2006101095 Moscow SOVETSKAYA ROSSIYA in Russian 20 Jun 95 p 1

[Article by Svetlana Alekseyeva: "We Are All the Regime's Hostages. Lines Written on Day Five of the Incarceration"]

[FBIS Translated Text] The sequence of events in Budennovsk is fairly well known to everyone. Without wasting time repeating it, let us immediately ask all the questions that inevitably arise from what happened.

Would it have been possible, in principle, to prevent this terrorist act, or was it as unpredictable and impossible to prevent as the Neftegorsk earthquake?

To answer this question, it is worth remembering what our leadership was doing throughout the week that preceded the tragedy. Since the beginning of June Premier Chernomyrdin had been on vacation in Sochi, where he was taking part in events connected with the "Kinotavr-95" festival; his last meeting with the artists took place on Tuesday 13 June, right on the eve of the Budennovsk act of terrorism. A few days earlier he had taken part in the "Russia Is Our Home" founding conference in Krasnodar. President Yeltsin also spent these last days before the tragedy in the "summer capital," where on 9 June, as we know, he met with

L. Kuchma, after which he stayed on for the weekend and took part in the traditional tennis tournament for the Russian elite, the "Big Hat." He also spent the whole of the 12 June holiday in Sochi. In addition to Chernomyrdin, Ministers Grachev and Kozyrev were also with him, as was Soskovets during the Russian-Ukrainian talks.

On Wednesday 14 June, during the very time that the armed thugs were making their way to Budennovsk, all the leaders of the North Caucasus region had assembled in Sochi with Chernomyrdin — for a conference. They were discussing current affairs.

Yet during those very days in Chechnya the military operation to take Shatoy — the last stronghold of Dudayev's men — was nearing completion, and it was clear that the armed formations, not having been totally eliminated but only forced out of the republic's territory, would filter through into neighboring territories. In the final throes of defeat, they would be capable of the most desperate acts. It is now becoming clear that the special services had warned the North Caucasus regional administration of this danger in some kind of telegram. But apparently the additional precautions needed in this situation were not taken. They began hurriedly reinforcing the administrative borders only after disaster had struck Budennovsk.

The first conclusion that must be drawn is that the authorities - - from top to bottom — displayed an unforgivable and frankly criminal unconcern during these days. Vacations are all very well, of course, but how can the leaders of a country at war take a vacation? It is all very well, of course, for the whole government to set about creating parties and election blocs, but again, only if everything is OK in the country.

We had gotten used to the Chechen war, become reconciled to it, it had become the everyday background against which all the other events in our life unfolded — preparations for the elections, holidays, festivals, tournaments, seaside vacations.... But the war had not ended. And now it has given us a reminder — in an unexpected place and in the most unexpected way, cruelly taking its revenge for everything all at once.

Why was it not until the fourth day, when the number of casualties was already close to 100, that the top state officials joined in the efforts to save the hostages? The raid on Budennovsk took place on Wednesday, but Premier Chernomyrdin did not leave Sochi until Thursday evening. For two more days — Friday and Saturday — he "closely monitored" events, and it was only after the population of the small town seized by the terrorists and of the neighboring cities and rayons began demanding, at spontaneous rallies, his immediate presence at the scene of events, and the State Duma adopted a decision to examine the question of no confidence in the government, on Saturday night, that Viktor Stepanovich personally made contact with Basayev.

Why could that not have been done earlier, immediately, on Thursday? This is not simply a matter of our traditional sluggishness and lack of resourcefulness. It is worse than that. Here we have a gross underestimate by the state's top officials of the full seriousness and tragedy of the situation — basically, that same arrogant unconcern: It will all work out somehow, the "power ministry" people will deal with it. But the unprecedented scale of this act and its unheard-of audacity suggested from the outset that in this case we are not dealing with the kind of self-seeking lone terrorists who can be bought off with hard currency and a plane, but with a carefully organized political act and with people who have given themselves to an "idea" and are prepared to do anything for its sake. In the very first days, at a meeting with journalists in Budennovsk, Ministers Stepashin and Yegorov said: This is political terrorism, the usual "bargaining" will not help here, an entirely different level of negotiations is needed.

Yet up until Saturday evening nobody had responded at all to the terrorists' main demand, for the cessation of hostilities in Chechnya and the commencement of talks at the highest level; it was as if these demands did not exist. The federal authorities were unwilling to "waive their principles," and would not do so until a certain moment. Why else try to storm the hospital and add to the casualties? Moreover the impression was created that Chernomyrdin's own hands were tied until a certain time. On leaving for Halifax the president apparently had not given him a mandate to act independently, depending on the situation. The telephone conversations with Basayev appear to have been a personal initiative on the part of Chernomyrdin, who had apparently finally realized the full seriousness not only of the hostages' situation, but of his own. In this way he publicly rejected, so to speak, the Yeltsin- Yerin strong-arm tactics that have become traditional in such cases, and resolved for the first time to try a peaceful, negotiated approach.

Time, however, had been hopelessly lost; the dead cannot be brought back. And, for some reason, Moscow-Budennovsk communications operated only with difficulty: It took a long time, too long, to convey a written statement; the buses could not get there on time. Or could it be that someone was reluctant to fulfill operationally the terms of the telephone accords?

The president's own conduct throughout this tragedy requires a separate assessment. Once again his conduct proved inappropriate to the situation. His departure for Halifax placed him outside events and showed that the life and safety of his own citizens are less important to him than the opportunity once again to make an appearance in the company of world leaders. Over there in Halifax, the G-7 members, for whom everything is going much better back home than it is for us, nonetheless looked serious and concerned; only our president looked pleased the whole time, for some unknown reason. And his emotional remarks, accompanied by characteristic gesticulations, that "Chechnya is, you understand, the center of world terrorism" and the Chechens are "bandits in black headscarves" did not do much to promote success in the grave and painful talks that were taking place in the meantime in Budennovsk. Nor did the "sensational statement," subsequently not confirmed in any way, that Dudayev had fled to Turkey.

During these days speeches of a different kind were awaited from the president's lips, but neither condolences nor any meaningful address to the nation were heard either before or during the trip. And it would have been better if they had not shown us what they showed us on Sunday, on his return. Despite assurances from on board the plane, neither on the night of 18 June nor early in the morning of 19 June did the president join in the struggle for the lives of the remaining hostages. You get the impression that Chernomyrdin has finally seized the initiative....

But in actual fact, throughout these days the country has been led by...Shamil Basayev. For all one's sympathy for the mission that Chernomyrdin took upon himself, for all one's respect for his efforts, it is hard to look on as the premier of Russia writes to a cutthroat's dictation and acts according to his instructions, becoming one more hostage — the most important one— to the terrorists. That we should live to see the day!

When all this finally comes to an end, as God grant it may, then the most important question will inevitably arise, a question that the federal authorities cannot now escape — the question of the war in Chechnya, in all its aspects and nuances. Like it or not, they will have to go back to the beginning of the war, how it was waged, and how it ignominiously ends. Like it or not, they will have to admit that they, the authorities, were unable more or less to finish this war and were driven into a corner — never mind whether it was by Dudayev or the field commanders — and were forced, at the cost of hundreds of lives and a countrywide upheaval, to end it on terms that are so ignominious for the federal Army. For those who followed the telephone dialogue between Chernomyrdin and Basayev, the question that naturally arose was: If it is so easy to stop the hostilities, why did they not do it before, of their own accord, without being coerced by terrorists, without casualties? And how long would this war have gone on, if what happened had not happened?

But now it is not even a question of the war in Chechnya, but of preventing a civil war in Russia. And whereas only yesterday the majority of us may have thought that this was someone else's war, not affecting you and me, on Wednesday 14 June illusions were dispelled and it became extremely clear: This war is our war, at any moment it could burst into our city, our home, our life. In the extreme situation that has taken shape in Russia, no one is guaranteed life. Even if you yourself have no intention of killing anyone, that doesn't mean they won't kill you. The state is not responsible for its citizens, it — in the shape of its power structures and law enforcement organs in their present form (the antiterrorism system was deliberately broken up in the KGB, but has not yet become established in the MVD [Ministry of Internal Affairs]) — is not capable of ensuring people's safety. It does not fight for every human life, it does what it does. And nobody will ever bear any responsibility for it.

That is the dreadful reality of our days.

And if, on seeing the full extent of the state's bankruptcy and helplessness, the population itself — in the shape of the Cossacks and people's militia that are already being talked about — sets about imposing order, what will we be up against, what further shocks lie in store for us?

However the tragedy in Budennovsk may end — God grant that it ends soon and with no new casualties — these questions will remain, and will hammer away at our hearts until such time as society finds within itself the strength to put an end to the activity of this political leadership that has blundered yet again. It could still find a way out of today's situation, but tomorrow a new one will arise — and it will all happen over again: the chaos, the sluggishness, the uncoordinated positions and actions, the inability to control its own organizations and to act promptly in emergencies, and, as we have seen more than once, the contempt for people's lives and fates.

All of us today are hostages to this regime's incoherent policy. How long will we go on tolerating it?

Crisis Seen To Herald More Violence

MK2006103095 Moscow SEGODNYA in Russian 20 Jun 95 p 3

[Report by Pavel Felgengauer in the "Forecast" column: "The Price of Unspilled Blood"]

[FBIS Translated Text] The Budennovsk hostage crisis has ended in the worst possible way. The terrorists got what they wanted and, victorious, started back for their native mountains. Dudayev was already routed but Shamil Basayev's desperate adventure seems to have saved Chechen detachments from final destruction, and now much blood will yet be shed until peace is restored in the Caucasus.

As a result of Viktor Chernomyrdin's declaring a unilateral cease-fire 19 June, isolated detachments of Chechen terrorists, driven into the mountains after the army captured Vedeno, Shatoy, and Nozhay-Yurt, will now be able without hindrance to regroup and prepare for a sustained guerrilla/terrorist campaign in the Caucasus. This campaign will be especially ruthless and bloody now that Shamil Basayev has shown that it is easier to get one's way by attacking helpless women and children than by engaging well-equipped units of the Russian-army.

The latest round of peace negotiations, which were restarted in Groznyy with Dudayev's representatives, will not lead to anything. Russia will never be able peacefully to coexist with the Dudayev- Basayev regime anyway. Furthermore, the government and the president are now frightened and do not control the situation. But when the hostage crisis is finally resolved, they will all the more seek to conceal the current panic in the Kremlin and in Staraya Ploshchad by taking up a particularly tough position at the negotiations with the Chechens in order to show, after the event, that terrorism yields no dividends.

Toughness in combating terrorism, however, is necessary not afterward but at once, when the situation is the most difficult, when actual women and children are under the threat of immediate death. The years-long international experience of fighting terrorism shows that terrorists must not be negotiated with, let alone fulfill their demands. These rules are not made up artificially — they are written in blood. Each concession only strengthens terror; for each hostage rescued today as a result of an unscrupulous deal there will be 10 others who will be apparently captured in Russia in the next one or two years.

Now any person or group of people in Russia with an ax to grind know how to seek justice. It is enough to take a loaded shotgun, capture the nearest kindergarten, school, maternity home, or a hospital, kill a few people, throw their bloody bodies into the street, and that's it. The bandit will talk on the phone with Viktor Chernomyrdin or some other boss, and all "questions" will be resolved.

Clearly, Russia is to live through an unprecedented wave of violence and terror — not only in the Caucasus. Now, from Vladivostok to Kaliningrad, nobody can be considered safe. There are malcontents, and hospitals, everywhere. It is quite obvious that the incumbent government and law enforcement bodies are neither technically nor morally prepared seriously to protect their citizens from terrorists.

The most likely outcome of such a spiral of mounting violence and incompetence is the restoration in Russia of an authoritarian police state. As a result of the Chechen war, the majority of officers and generals have finally ceased to trust the government and politicians in general. Now, after Budennovsk, they not only dislike them — they despise them. Signs are that in the foreseeable future officers and generals in the power structures will convince themselves that they are "forced" to take on responsibility for the situation in the country and will try to remove politicians and parliamentarians, whom they regard as incompetent, from office. And in all likelihood, the majority of the population will welcome the curfew, day-to-day incidental violence by armed patrols, censorship, and internment without trial if this is the price of security from the totally unpredictable and therefore all the more horrible terror by guerrillas and fanatics.

High-Level Split Detected

MK2006104095 Moscow KOMMERSANT-DAILY in Russian 20 Jun 95 pp 1, 3

[Report by Georgiy Bovt and Dmitriy Kamyshev: "Premier Takes the Initiative"]

[FBIS Translated Text] The past three days proved to be a turning point in the hostage-taking drama in Budennovsk. They incorporated the "semi-assault" of the Budennovsk hospital by the special federal forces on 17 June, telephone contacts of the terrorist chief, Shamil Basayev, with Viktor Chernomyrdin; the chief terrorist's meetings with representatives of the Russian Government in Budennovsk; and, finally, the liberation of most hostages and the departure of the terrorists on buses handed over to them. On the last day, millions of television viewers witnessed an unprecedented and desperate exercise in public diplomacy by Viktor Chernomyrdin, who thus attempted not only to save the hostages. His own political fate was also at stake. But what has rendered the situation even more dramatic is that there is no unity in Moscow itself: According to available information, in a telephone conversation with Viktor Yerin the premier called on him to behave "decently" during the passage of the buses with hostages. By the moment the issue was signed to press, no reports about provocations against the column had been reported...

"Everything will be over in a few minutes," Viktor Chernomyrdin says after yet another telephone conversation with Shamil Basayev. It is unlikely that he himself believes in what he says...

After the liberation of hostages in Budennovsk, the premier emphasizes, a negotiating process between a Russian Government delegation and representatives of Chechen formations in Groznyy will begin. At the same time, he is trying to put on the firmest possible air — it is not by chance that he drops "we will not go for something that is at odds with the Constitution" and also "there will be no mercy!" (for terrorists). He denies the possibility of compromises with Dudayev, declaring that Moscow's goals remain unchanged — disarming Chechen fighters and defining Chechnya's status within Russia. The goals are the same. But what are the talks for if no compromises are in sight? It seems that during the past day the question of means took on the greatest political importance.

The premier demonstratively takes the initiative by starting negotiations at night. Promising to end a war that has been raging on for months. Giving — over the head of the supreme commander in chief, who is on his way from Moscow to Canada — an order to stop military operations. Yeltsin, in turn, hurls threats at bandits, with whom "there can be no talks." He says overtly that he had agreed on an assault with Yerin beforehand. His words are echoed — in Russia — by Grachev, who insists on the same — violent — option of solving the crisis. Two assaults fall through. Upon his return from Halifax Yeltsin keeps mum. There have been no signs that it was he who authorized his premier's peacekeeping activity. Nor have there been signs, however, that he is opposed to it. Nonetheless the premier acts as if he were afraid of something. Why did his actions become so open? In accordance with Russian traditions, politicians of Chernomyrdin's type embark on the path of so desperate an openness only in moments when methods of "under-the- carpet" (or office) politics, to which they are more accustomed, no longer work. So, who is it whom the premier fears? Why did he ask Yerin to behave "decently?" He does not believe the "power" ministers? But are these subordinate to him at all? Not according to the Constitution. Then he could not be sure — while giving personal, "premier's" guarantees to the terrorists — that the buses with hostages and terrorists would not come under fire once on the way. Meanwhile, it takes the "Alpha" group 4-6 seconds to seize a bus like that by assault...

Nonetheless, the premier ventures to do so... Although there are no clear answers even to one of the above questions. Only one thing is clear: Discussions on methods of action with regard to the fighters have revealed the most serious political divisions in Moscow. And that is only a follow-up on differences with regard to Chechen policy in general. Back last winter Chernomyrdin came forward — fairly unexpectedly at the time — with his peacekeeping initiative in a televised appeal to the Russians. His appeal drowned in the roar of artillery shells. But the subject of talks has repeatedly been present in his statements ever since. The result was the same. This cannot but suggest that something or somebody stands in the way of these proposals.

Meanwhile, fearful of the president's jealousy, the premier never wanted his stance to be singled out as a special policy line opposed to the "power line." He is trying to avoid such a confrontation even at this stage. He has been at pains to point out that consultations with the president are going on nearly without a pause. In his outward appearance, he is pointedly loyal. As if the president were that same "power line." Or, maybe, he is simply above the fray? He is just waiting? After all, it is Chernomyrdin, not he, who will have to look in the eyes of a frenzied Duma that is going to discuss the question of no-confidence in the government 21 June. It is on Chernomyrdin's actions that the result of the vote ultimately depends.

But presently Viktor Chernomyrdin is not only the premier of Yeltsin's government. He is also the head of an electoral bloc. A bloc that has been set up primarily in order to give the Russian political and economic elite guarantees of political and economic stability. In this capacity, just as in the capacity of prime minister of a government put into doubt by the Duma, Chernomyrdin is interested in Basayev's reaching Chechnya together with the hostages. If this happens, then the December shouts that there can be no talking with Dudayev or the Dudayevites would be effectively disavowed. Then the entire Chechen war would turn out to have been in vain. Then a logical follow-up on the question of organizing "free elections" in Chechnya would be whether the Dudayevites would contest them? If they would, then who in Moscow would be bold enough to guarantee that they would lose them?

And what about the president? Yesterday he appeared to be above the fray. And seemed to be able to take either side: Should the "Chernomyrdin line" gain the upper hand — well, it was he who authorized it, the president.

Should the whole operation end in bloody carnage — didn't he say that these are bandits? — the latter would justify the imposition of a state of emergency, which would provide a legal basis for the presence of troops there. This would also give the president a free hand in case the Duma passes a no-confidence vote in the government. A state of emergency, however, tends to spill over across territory — and to be at variance with any electoral actions.

But one can also make another suggestion: The president is not above the fray at all. Moreover, it is not only Prime Minister Viktor Chernomyrdin who has gained independence from him in this situation, but also those same "power" ministers who under the Constitution should be subordinate to him, not the premier. The president should prove that he is in control of the situation. But to do so he in principle will have to sacrifice someone — either the "power" ministers or the premier, who gave his personal guarantees to the terrorists and volunteer hostages.

Politicians' Jul, Dec Ratings Predicted

MM1906093395 Moscow TRUD in Russian
16 Jun 95 p 6

[Article under the "Prediction" rubric, "prepared by the Center for Strategic Analysis and Prediction, leader Professor Dmitriy Olshanskiy": "Election Passions: Looking for the Center. The Election Marathon Has Begun and the Leaders Are Already Emerging"]

[FBIS Translated Text] In the mass vacation season, it is a good idea to look forward to the next fall-winter political season. As of today the situation is fairly clear. Although the most important element is lacking: a law on elections of deputies, followed by a law on the boundaries of electoral districts. The conciliation commission of the Duma, the Federation Council, and the president's representatives is working to sort out the contentious points. All the "i's" should be dotted and the "t's" crossed not later than 17 August.

According to all the data now available from sociological and psychological research, it emerges that the turnout of voters for the parliamentary elections will be sufficient: **60-70 percent.** A new wave of politicization has begun among the population — people have grasped that it is hard to survive without a reasonable policy and honest politicians. The saying is true: If you don't take an interest in politics, politicians will take an interest in you, and it won't do you any good. However, at the moment the wave of politicization is not so much positive as negative in nature: The population knows **against what and against whom** it wants to vote, but does not yet know **for what and for whom.** The present authorities began to get agitated about the results of the future elections before anyone else and more than anyone else. On 12 May Viktor Chernomyrdin created his own, right-centrist wing of the "party of power," registered the "Russia Is Our Home" movement at the Justice Ministry, and went off to Sochi for an energetic vacation. It is more convenient to plan a December victory while on leave. Ivan Rybkin is as yet quite unable to form his "left-centrist wing"....

The main problems of the coming elections are **in the center. Some 40 percent of voters** will vote **for the center**. But for whom specifically — that is the big question. At the moment we have no real center — that is, not a political center, between the left and right, or even non-right, poles, but a center of society. The kind of center that would be the center not just in linear political terms (in Russia, "left" and "right" have always been difficult to distinguish — not for nothing did Czar Peter teach his soldiers to march to the command: "hay — straw"), but also in the vertical structure of society. The kind of center that would be not simply an empty space between the ultra-democrats, ultra-communists, and ultra-patriots, but an area full of people between the very rich and the very poor, the excessively satisfied and the excessively dissatisfied, the over-subtle and the over-gullible. The majority really would vote for that kind of center.

At the moment, however, **12-14 percent** are prepared to vote for Chernomyrdin's "right center." **Between 2 and 5 percent** for Rybkin's "left center." And **6-7 percent** for "Women of Russia." Thereafter the percentages get smaller: Too many organizations call themselves centrist. So many that each of them individually will not amass the specified 5 percent to get through. However, uniting them in the form of an amalgamation is not a panacea either. Just imagine, for instance, how the electorate would react to an association of the "directors'" Industry Party and the trade unions belonging to FITUR [Federation of Independent Trade Unions of Russia]. Probably the likeliest thing is that each side would not gain, but ultimately lose votes: In politics, two "pluses" sometimes make a "minus."

At the poles, things are better than in the center. At one pole all the indications are that the Zyuganovite Communists and the Lapshinite Agrarians will have to share "two ways" **18-20 percent of the votes.** At the other pole **approximately the same** percentage of the votes will be divided between Rutskoy's strong-state supporters and the Zhirinovskiyites. Hovering somewhere above all these forces, so to speak, is Grigoriy Yavlinskiy's "Yabloko" — he has declared that his own chief interest is in the next presidential elections. In the parliamentary elections, "Yabloko" is looking at **6-8 percent** of the urban intelligentsia's vote. Gaydar's "Russia's Choice" supporters are currently situated "below" this line: Heaven knows whether they can cross the **5-percent barrier** this time and get into the Duma at all.

The clearest picture of the chances of the possible parties, blocs, and associations at the forthcoming elections is given by their leaders' rating. In Russia in the last analysis people vote not for the names of the parties and blocs or even for their programs — they vote for people.

According to the May "futures ratings" carried out by the Center for Strategic Analysis and prediction in conjunction with the "Vox Populi" sociological service, this is how the experts assessed our politicians' chances in May and December. Among the notable trends in the overall list, **V. Chernomyrdin has a firm hold on first place, B. Yeltsin is second, and after them comes Yu. Luzhkov.** The premier, having declared his readiness to enter the parliamentary elections as head of the "party of power," confirmed his high April "futures rating." The president, receding somewhat "into the shadows," will watch the Duma elections from the sidelines, so to speak — his rating will be more important next year. In the April "futures" the experts felt that by December even Luzhkov could pass Yeltsin, but by June it had become clear that the mayor would be unlikely to justify expectations: He has virtually ceased to display any political activeness at all.

A somewhat unexpected result in May was the relative lessening of I. Rybkin's predicted influence. This may be connected with the as yet unsuccessful attempts to form a "left-centrist bloc." Whereas a month ago the Duma speaker was seen as a firm fourth, now only fifth place is predicted for him in July, although experts believe that in December he could return to his old place after all. In May-July he is somewhat overshadowed, in terms of the extent of influence, by A. Korzhakov.

By the end of the year, the June "top ten" of both "public" and "apparatus" politicians could see the "loss" of P. Grachev (from ninth place to 17th), A. Kozyrev (from seventh to 13th), and V. Shumeyko (from 10th to 12th place). The situation regarding the ministers of defense and foreign affairs is quite clear: The festive parades have died down and the foreign guests have gone their separate ways. The Federation Council speaker is in no real danger of participating in elections this year — so he too could slide down the list to some extent. O. Soskovets' position is very stable (eighth or ninth). The following could join the "top ten": G. Yavlinskiy (moving from 10th [as published] to sixth), G. Zyuganov (from 12th to seventh), and V. Zhirinovskiy (from 16th to 10th). All the indications are that these are the most promising figures from among those who do not presently occupy high official posts.

Now a word about the situation within the group of purely "public" politicians who have a particularly passionate desire to fight for the electorate's sympathies. That situation is rather strained. V. Chernomyrdin, having moved across from the "apparatchiks" to the "public" group, retains his accustomed leading place. B. Yeltsin's second place is firm, as is I. Rybkin's third. Unlike those above him, Rybkin could increase his "share" in absolute terms too. G. Yavlinskiy could move up from fifth place to fourth. The situation looks good for G. Zyuganov, V. Zhirinovskiy, and A. Lebed. V. Shumeyko could drop down from among the notables (from fifth place to eighth). S. Govorukhin could fall from 10th to 13th, while, surprisingly retaining precisely, to within hundredths, the same score for potential influence. Down from 35th to 44th: Marshal of Aviation Ye. Shaposhnikov. Remaining stable: Vice Premier S. Shakhray in 10th place; DPR [Democratic Party of Russia] leader S. Glazyev in 15th; V. Lukin, one of the "Yabloko" leaders, in 16th; and Federation Council Deputy Chairman A. Dolgolaptev in 21st.

Among the politicians who are gaining potential strength, notable progress could be achieved by V. Shcherbakov, leader of the new United Industry Party (from 41st to 34th); P. Romanov, the Yenisey Federation Council deputy (from 40th to 36th); and Yu. Boldyrev, the St. Petersburg Federation Council deputy from "Yabloko" (from 45th to 39th). A new wave of popularity could be in store for S. Baburin, leader of the Russian National Union — up from 50th place in June to 40th in December. Among those losing popularity, S. Mavrodi, State Duma deputy and head of "MMM," stands out — a fall from 50th to 60th is predicted for him.

In general, the experts foresee a certain reduction in the superiority in political influence that is currently possessed by the representatives of the authorities, and a corresponding stepping up of the influence of leaders who are in opposition to the regime. However, there is as yet no occasion to speak of radical changes in the pyramid of influence: **Those who have power today will remain "higher" in December,** while those who seek power do not yet have any basis for edging out even I. Rybkin, who is not as yet well seen as leader of the left-centrist bloc that the country was promised. For all the complex relations between the Duma speaker and, for instance, Agrarian Party of Russia leader M. Lapshin, the latter, in the experts' opinion, could rise only from 16th place in June to 14th in December.

The general situation among "public" politicians looks rather unusual. The most pronounced changes in quantitative terms are possible within the "top twenty": 14 people could change their places while only six hold onto theirs. After that the situation becomes less tense and significant changes become the exception rather than the rule. That means that the biggest potential dynamic movement is still in the area between fourth and 14th place, in the "second echelon" of politicians, and the lower you go the less it gets — at the lower levels the situation seems to some extent to be "consolidating itself." Both the "zone of influence" and the potential electorate are more or less divided up. This means that the struggle for "increased growth" will once again be conducted first and foremost by those few figures who claim "charismatic" qualities.

Effectiveness of Today's Police Questioned

954F2547A Moscow SOVETSKAYA ROSSIYA in Russian 14 Jun 95 p 4

[Article by SOVETSKAYA ROSSIYA correspondent Yuriy Burov: "The Robbed Arm of the Law: Can Today's Police Protect Us?"]

[FBIS Translated Text] Tver Oblast—Several months ago General V. Gusakov, chief of the Tver UVD [Internal Affairs Administration], reported on his agency's work to deputies of the oblast legislative assembly. There was an extensive exchange of opinions. Pointed questions. Direct answers. The several-times-reformed KGB, the procuracy with truncated powers, and the courts, quite slow these days, have made the police the target of indignation regarding the current lawlessness. And the deputies had a good formal reason to name the police as the chief culprit in the constantly growing criminal evil. Nevertheless, the deputies found the work of the UVD and its units and services satisfactory.

At the end of April, however, local lawmakers had to return to this subject. This time the debate ended with a desperate appeal to the president. "Dear Boris Nikolayevich!" said the document. "The Legislative Assembly of Tver Oblast appeals to you to instruct the Government of the Russian Federation to take immediate steps to pay off the arrears and in the future to finance in a timely manner the oblast's law enforcement organs...."

The law enforcement organs have found themselves deeply in debt. Billion-ruble bills for electric power, municipal services, gasoline, food, and many other things, without which the police cease being the police, go unpaid. It had come to the point where no firearms training had been conducted since January—there is no money to buy ammunition. Not a single vehicle had been purchased for the entire oblast since last year: The available motor pool comprises 47 percent of the required number, the motorcycle pool— one-third.

And when it comes to norms, it appears they have not been revised since Khrushchev times, when the operational situation in the country was such that precinct inspectors could use their holsters to carry sandwiches or cigarettes. A norm for a police car is 2,000-2,500 km a month on the road. But what do you do if the car pool is half the current miserly norms? And not a ruble is allocated for repairs of this junk? I witnessed a driver from the criminal investigations unit begging—at length, and without any result—A. Yermakov, chief of the UVD material supply department, for spare parts. Over three years his Zhiguli had chalked up 150,000 km. Far from always on smooth highways. It finally broke down. But a criminal investigations unit is not a kiosk selling Snickers—you cannot lock it up and walk away.

"Come tomorrow, maybe we will think of something," the petitioner told Yermakov.

While I sat in his office, the colonel was literally inundated with requests. Vesyegonsk, quite a distance from Tver, called and reported that the ROVD [Rayon Department of Internal Affairs] is R80 million in debt, and electricity and telephones are being turned off for nonpayment.... The accounting department brought a bill for 200 hats—he turned them away: No money.... One of UVD deputy chiefs visited the preliminary investigative facilities and gasped. The people who opened the gate for him were dressed in whatever: sneakers, jeans, T-shirts. "Could the prisoners have taken the guards hostage?" the fleeting thought crossed his mind. It turned out that the guards' uniforms had become completely tattered, and there are no new ones in the warehouse....

Across the street from the UVD is the Zavolzhskiy Rayon Department. Crowded, poor, no money. Minuscule rooms house five or six people. Desk to desk. Including investigators.

Ceilings leak, floors are collapsing, wall plaster is falling off; there are only two toilets for everyone (both the staff and visitors). Plus the electricity is turned off several times a month.... Narrow corridors, where quite often suspects in handcuffs await their turn, become quite inhospitable at such moments. And even with that, the overcrowded rayon department cannot accommodate all services. Precinct inspectors are housed outside the building, in seven partially leased rooms; the juvenile affairs inspectorate is huddled (10 persons) in a one-room apartment.... They take turns using police vehicles; the rest either use public transportation or walk. And this is keeping in mind that the rayon department's "domain" spreads over 24 km of urban area. Two auxiliary facilities do not even have telephones (there is no money for installation). The same desperate need forced the department to lease part of one of the auxiliary facilities to a bank. In exchange for a Xerox. Plus, the bank generously agreed to make repairs to the room occupied by the precinct inspectors.

The debate regarding a building for the rayon department has been going in the city and oblast for years. Projects. Versions. Alas, there is not much to be had from police personnel in the market era in Russia, except explanations. They are constantly compelled to nearly grovel at the feet of the "new Russians," begging them for a thousand here and there—for spare parts, gasoline, even paper for protocols.

The Tver police's multibillion debt is the result of chronic arrears on the part of the federal budget to law enforcement organs. Arrears that are, I want to emphasize, criminal in nature. Even in combat conditions a commander does not have the right to send against an armed adversary a subordinate who is unarmed, hungry, and semi-clothed. That is, send him to certain death. The current rulers, including Russia's commander in chief, ignore axioms. While robbing the country and encouraging its plunder by crooks large and small, they perhaps forget that the police remain one of the chief and most effective instruments of statehood. But there may also be another explanation. In forming their support class (speculators of every ilk, crooks small and large, thieves, robbers, drug traffickers, and such), the reformers decided to castrate law enforcement organs with a financial scalpel. So that the latter did not stand in the way of the "process" developing in the needed direction, and on the contrary, against their own will even facilitated it.

Proof? It is at anybody's fingertips. A few days ago a report came in that a thug had escaped from Sailor's Rest. With the aid of a guard—a sergeant. A sensation? For me, a person who has realized the semi-fatal disease of the system, what happened is no surprise. Three years ago I had a chance to write about life in the camps. They were already affected by unemployment by then. But nutrition norms behind the wire were higher than outside it. Today it is also in shock, and the situation is truly explosive.

The correctional facilities service (which also is part of the Tver UVD) also is long in debt. It owes R4 billion for food, municipal and housekeeping services, electric power, and so on, and is R2.5 billion in arrears on personnel wages. The calendar shows June, but officers in the camps have just received the March advance of about R100,000-150,000. What are they to live on? The young ones are the first to leave. As one of service's officials put it, "sparks are flying" from personnel: People are worn out by a persistent lack of money and the chaos that reigns in the formerly smoothly run service.

The camps have came to the point of starvation. Judge by the figures. The federal budget is supposed to allocate on average R4,600 a day per convict for food. Not much. But even this amount is not coming from Moscow. And therefore, for instance, in camp No. 8 (a place where drug addicts serve their term—people who, as a rule, had already brought themselves to the point of exhaustion) it averages R1,005 per person. Bread is not available every day, and neither is sugar; there is a shortage of potatoes. Tver bakeries, by the way, refuse to deliver bread on credit to camps and preliminary detention facilities. And this is understandable: The outstanding bread bill alone exceeds half a billion rubles. The convicts are wearing tattered clothes and footwear. As are the personnel, for that matter. Who will have the gall to judge the sergeant in Sailor's Rest for "treason?"

I read letters from the "human rights activist" S. Kovalev to heads of kray and oblast administrations. S. Kovalev, who in the past contributed a lot to the system's disintegration, is now appealing to governors for financial aid to camps, because the federal budget does not have enough money for it. What hypocrisy!

What is amazing is the patience with which the police carry their cross. Oblast, city, and rayon administrations pull the last rubles from their miserly budgets, trying at least somehow to support the arm of the law drowning in problems. The abilities, however, cannot keep up with the needs, by a long shot. But the police, sighing heavily, are silent. And try to do their best. To their last efforts.

Both in cities and rural areas. In the Kalininskiy Rayon Department I talked to its chief G. Rakitin on the same subject— difficult work conditions. Had it not been for sponsors, all the vehicles would have to be idled. There is a constant shortage of gasoline. It is a large rayon, dozens of villages; the work is strenuous, round the clock—probably harder than threshing. How can one respond to all the calls? Especially these days, when even a passing bus would not accommodate a policeman. There is a law on the police, but drivers and ticket inspectors say without blinking an eye: "You have your rules, and we have ours. Either pay your fare or get off."

I asked G. Rakitin for a forecast: How might this kind of life end up for the police?

"Badly," said Gennadiy Mikhaylovich unequivocally.

He admits honestly that when there is no money at all for gasoline, he approaches entrepreneurs for help. Those, of course, he knows well and has known for a long time. He asks for help. They tell him in detail about their hardships and the problems of making it in a market environment, and at the end of a humiliating conversation agree to give a million, for instance. More or less the same is being done in other rayons and cities. But any, even the most innocuous, request from the police to such businessmen does not come without a price. Where, may we ask, is the line between a request and abuse, extortion? How can one prove, should the need arise, that the money was spent on official transportation? And, may we ask, who permitted the president and the government to put the arm of the law in such a humiliating situation?

I called my colleagues in other regions of Russia. I wanted to recheck: Perhaps only the Tver police has to live on handouts? Alas, the picture is typical everywhere. On top of that, it is exacerbated by the war in Chechnya. It turns out that all expenses incurred because of MVD [Ministry of Internal Affairs] units' participation in it are financed from the ministry budget, approved before the war began. In other words, the damage the criminal world inflicts on residents of the Urals, the Volga region, and Siberia is growing with each passing month because the money promised to regional UVD's is being spent on participation in the Chechen massacre, subtracting it from combating local criminal formations.

In my opinion, the strange system of material and technical supply in the MVD creates obstacles. Each year the ministry asks for regional departments to submit requests. For transportation, uniforms, armaments, ammunition, etc. Then, when the time comes, it demands prepayment for a particular item or piece of equipment. Of course, out of the money it is supposed to transfer to the oblast. As a result, money is being transferred back and forth, creating confusion and nerve-wracking delays. But these are internal departmental problems.

I, on the other hand, as a law-abiding taxpayer (I intentionally switch to market language here) am interested in when this lawlessness in police financing will end. Who, and by what right, is spending for other purposes the money—mine and my confederates— intended to protect us from muggings, robberies, and rape? For instance, on forming mind-boggling in quantity and quality MVD divisions intended for "protection of the constitution." They are being equipped with aviation, tanks, the newest weapons. Of the kind military units in Chechnya can only dream about. Big money is needed to equip these divisions. And all of it—from the same meager budget.

I think my questions are legitimate. Because I know that a humiliated and semi-starved policeman is no less dangerous than a criminal. I want our police to be well fed and clothed, well equipped, and have everything they need for the mortal battle against crime.

Sociologist Details Extent of Racketeering

954F2560A Moscow DELOVOY MIR in Russian 10 Jun 95 p 9

[Interview with sociologist Liliya Babayeva by DELOVOY MIR correspondent Ella Cherepakhova; place and date not given: "Liliya Babayeva: Racketeering—'Soft,' 'Hard,' Omnipresent"]

[FBIS Translated Text] Americans have this joking expression: "What is your racket?" That is, how do you make a living?

They are in a position to joke. However, this phenomenon was brought to our soil in a very particular meaning: Home-grown gangsters under a cute imported name—"racket."

Racketeering has become part of our everyday life, our economy, politics, having grown wiry roots that suck the life juices out of everything that is vital and capable of producing. It has moved into areas formerly so secret and protected that even now it is hard to believe this daring invasion: Is it possible—a "nuclear racket"? It transpired that yes, it is. Coming soon, in experts' opinion, is a growing computer racket, the mutant baby of the high technology era. It portends the penetration of computer files for the purpose of stealing secrets, robbing banks with the help of electronic lockpicks, and other surprises of the new era. Racketeering is ubiquitous like a virus, and just as hidden.

However, after being placed on the stage of sociology, this hitherto mysterious phenomenon began to acquire clear and frightening features. Sociologist Liliya Babayeva, candidate of philosophy, project leader in the Russian Academy of Sciences Institute of Sociology, has been involved in research in this sphere for many years and has a reputation as an expert. She contemplates the subject with DELOVOY MIR correspondent Ella Cherepakhova.

[Cherepakhova] Liliya Vasilyevna, the facts indicate that racketeering retains its tenacity even as entrepreneurship in Russia is growing stronger and entrepreneurs are uniting. What is the secret?

[Babayeva] The secret is the marginalization of society—the loss of a sense of belonging to a particular social group, with the compulsory nature of the norms and requirements inherent to it. I think this is a characteristic trait of a transition period, when there are no agreed-upon "rules of the game." In such circumstances, the role of rational motivation drops sharply: A person who attempts to "compute scenarios" simply has no reference points. This is equally true of such apparently completely rational groups as entrepreneurs. I have conducted these observations since 1986 and have discovered that even members of the business elite rely more on intuition than rational calculation when they have to make a serious decision. And the place racketeering has taken in it presents, in my opinion, especially graphic evidence of the marginality of our business as a whole. And it is a very solid place at that.

[Cherepakhova] How can one explain such tenacity?

[Babayeva] When it comes to protection of an entrepreneur's interests, his survival, racketeering becomes institutionalized much faster and, believe it or not, costs entrepreneurs much less than turning to legitimate government structures. Racketeering not only imposes "services"—it also continuously meets demand. Its strength lies in the fact that it is constantly needed. Such are the paradoxes of the Russian market. At this point, competition in the Russian market frequently looks like a series of feuds between racketeers protecting the interests of competing firms. In business circles, when it comes to unkept promises and contract violations, sorting things out through the services of racketeers is considered the norm—the fairest form of settling mutual claims. Do you know that in our business world partnership agreements are frequently not formally notarized? In the event the terms are violated, racketeers will "straighten out" a straying businessman. Surveys show that some businessmen in such instances even justify killing businessmen who do not follow the rules of the game. They call the executors of such actions "forest sanitation workers."

Small and medium-size business has gotten used to racketeering as an unalienable part of business life and reflect the fees exhorted by racketeers as a constant cost in their internal books.

[Cherepakhova] Has the rest of the world come to terms with the power of racketeers?

[Babayeva] The population's opinion about racket and racketeers is very interesting and ambiguous: 3.8 percent (mainly young people) from the very beginning saw them as modern Robin Hoods. Because the commandos themselves are young people, under 25 years of age. This part of the population, especially women, and particularly older ones, has a tendency to romanticize racketeers. But 43 percent of the respondents—people of middle and advanced age—consider them unadulterated gangsters. Another 44.7 percent consider racketeers part of the mafia—and the part that includes members of law enforcement and state apparat at that.

[Cherepakhova] How do you obtain material on such a sensitive topic?

[Babayeva] We penetrate the environment we study in both open and covert ways. We interview racketeers' relatives and friends, asking roundabout, indirect questions. We ask MVD [Ministry of Internal Affairs] personnel. We pull on the press. The most difficult part, of course, is to get to the "trumps."

[Cherepakhova] "Trumps"—is this an epithet?

[Babayeva] No, this is an accepted new name for racketeering "big shots," which has replaced the expression "criminal kingpins." And here is what we have discovered: There are two types of racket— rigidly structured, and "soft."

A "hard" racket is characterized by a clear division of functions between participants; the boundaries of interaction with the entrepreneurial and outside worlds are clearly defined. A "soft" racket, on the other hand, is a collection of temporary members, which easily disintegrates upon completion of a certain action. The zones of influence of a "hard" racket are divided by territorial attribute, not sectoral.

[Cherepakhova] Why?

[Babayeva] The economic sphere at this point is not completely covered by owners; it is not yet in their hands. When this process is complete, rackets will probably get into redistribution by sector. Right now, certain groups operate in each district. Sometimes they link up directly with firms. They especially stick to those who have enough cash. In Moscow, there are most likely as many racketeering groups as there are municipal districts. In ethnic composition, non-Russians are predominant.

[Cherepakhova] According to MVD data, the leading group in Moscow are the Azerbaijanis, followed by the Chechens, Dagestanis, Armenians, and Georgians. They specialize by sphere of endeavor: Some specialize in drugs, others—traffic in stolen cars, others— kidnapping.

[Babayeva] It is unlikely that this picture will remain unchanged. A constant bloody war is underway in the dark part of our market, and it is hard to tell at any given time what the ranking order is. But there are also established things in racketeering. For instance, its internal organization. (We are talking, of course, about "hard" rackets.) Internal group relations are based on the collective principle, something like a brigade spearheaded by the chief. Revenue is divided equally (the chief gets a little more). Each member of a racketeering group is an equal partner. Helping one another is considered one of the most important values. The family of a maimed or killed member continues to receive the same amount of money the slain member used to bring home.

[Cherepakhova] Such rules are typical of the best companies....

[Babayeva] A racket is a distorted mirror of legitimate business. It is a business by itself, except that it is extremely irrational. To round up the general characterization of a racket, we should mention that until last year, when in the racketeering milieu theirs was considered a high-risk profession, they were not permitted (by their bosses) to have a family, or get married. Now the rules have been relaxed, but even now racketeers prefer common- law marriages, that is, without registration.

[Cherepakhova] What is an "average racketeer?" What type of person?

[Babayeva] He is a young (between 18 and 30) man, usually an athlete or a former "afghanets" (Afghan war veteran), frequently a former convict, "pumped-up" but with a low intellect. He is distinguished by a developed sense of camaraderie and discipline. He tries not look flashy, in order not to be exposed. Their girlfriends, on the other hand, are expensively dressed, and spend their vacations abroad. A racketeer and his girlfriend live in a closed environment, supporting each other. A racketeer reads little and as a rule does not drink—he saves himself for "business." Interestingly, he has a highly developed predisposition for being led. No "average" racketeer ever dreams, for instance, of starting up his own business: They lack the initiative. Their main occupation: serving as guards, protecting the firm from raids by robbers or competitors.

In a "soft" racket, however, things are somewhat different. People who headed a "soft racket" were usually crime bosses, former criminal kingpins. They recruit cadres among children from poor families. Hungry children, who now have a hard time making money in the street by selling newspapers or washing cars, because they have been displaced by adults, gladly become apprentices of criminal elements and are even willing to kill for very modest money—for instance, $20. There are reasons to fear the future threat of cheap killing. It is also easy to recruit poor children as apartment burglars and pickpockets.

[Cherepakhova] Do racketeers have political ideals?

[Babayeva] The rank and file—no. They are apolitical, amoral, and believe in very few (moral) values.

[Cherepakhova] Let us return to the "hard" racket, though. How large are these groups?

[Babayeva] Between eight and 15 persons—as a rule, athletes. They frequently appraise their role as positive—as Robin Hoods, the noble robbers of the 20th century. And why not? After all, they (albeit for pay) help merchants protect their goods, throw rampaging drunks out of restaurants, help to recover debt from a crook or impudent partner—in short, enforce order of sorts. There is unquestionably a cult of physical force in this community.

In the "soft" structures, the leader is about 50 years old. He does not participate in the practical execution of operations. His business is to define the "task," develop a strategy, and teach. The executors—14- to 18-year-old teenagers, young men under 25. They go through crime universities of sorts here in groups—as they carry out another criminal task. They have one common value—money. Since a territorial division between the "trumps," behind which are particular groups, has already been accomplished, the "errand boys" take on enterprises that are not yet covered, new businesses.

[Cherepakhova] In short, what we are talking about is not "isolated negative phenomena" but fully formed, increasingly more concentrated structures, which vie not only for dishonest earnings but also influence and power.

[Babayeva] Yes, a racket can be called a special type of entrepreneurial structure—to be more precise, as I said, an irrational entrepreneurial structure.

[Cherepakhova] Is it fair to say that the racket, the mafia, entertain upwards aspirations—moving into big politics, government spheres?

[Babayeva] First of all, the state frequently acts (itself) as a major racketeer. Here, so to say, under my nose, on the way to the Profsoyuznaya subway station the police, without blinking an eye, forced "private users" from a lot used for parking. And without any explanations began using it for their personal cars. On top of the fact that the eviction itself is an arbitrary act, the population also asks itself with what money the police are buying their expensive cars.... And look at all these fences that have sprung up in Moscow—behind them, mysterious state structures hide from curious eyes. All the space down to the last centimeter is leased to commercial structures, and what state employees then do with the "rent," only God knows. The same is happening, by the way, in many research institutes—bad examples are infectious. I do not want to point fingers, but there is also such a phenomenon as "directorial racketeering": A director has at his disposal (administratively) resources, means of production, people, and finances. He is free to invest or not invest the money into development of production, technical modernization, retraining. Well, embezzlement of funds by directors or using them for their own mercenary purpose has become very widespread. That is why many instances of bloody score-settling occur at the level of enterprises.

The merging of racket and administrative authority can be observed not only in cities but also in rural areas. As long as private farms were tied to kolkhozes, depended on them, sold their output to them, received payments, and so on, their situation was more or less tolerable, but as soon as these links were eliminated, as soon as the farmer became fully "private," as soon as the question of land came up and a competitive basis for coexistence emerged—local authorities together with kolkhoz chairmen began to "take measures," "sort things out." Arson and killings began.

I can quote a figure that also characterizes the state racket as a firmly established phenomenon: 4 percent of entrepreneurs have purchased their enterprises through an auction or bid, and 14 percent—directly from city authorities on terms unknown to anyone. The racket is active, aggressive, and omnipresent. Entrepreneurs who do not have a strong "shield" try to lie low, camouflage themselves. I have encountered these episodes: An excellent, successful Russian businessman, who has earned a "Golden Business" diploma, does not hang it on the wall, the way it is customary in the West—he is afraid to reveal his success and attract a racket's attention.

[Cherepakhova] How do businesswomen manage in this wild market?

[Babayeva] They have already adapted and gravitate not towards "score-settling" with stabbing and shooting but towards a negotiation, so to say, process—they get familiar with the racketeers' price list and then bargain something down. It is known for instance, that the ransom for a hostage in Moscow is $10,000. A woman can bargain. But there are usually no physical-force groups behind businesswomen—it is more diplomacy, the skill of persuasion. At least for now.

[Cherepakhova] And what about male entrepreneurs?

[Babayeva] They either counter with their own "bayonets" or submit to the mafia's terms.

[Cherepakhova] According to your institute's data, racketeering has formed legal structures: numerous private agencies, intelligence and security services inside businesses, security of private enterprises, and so on. The press has tracked and showed to the public where the new enforcement structures draw their cadres from—the old enforcement structures. I read that 50 percent of career KGB personnel in Moscow have dispersed this way and settled in private companies. Including figures of the highest nomenklatura rank—such as former USSR deputy minister of internal affairs V. Sidorov, former OBKhSS [Department for Combating the Embezzlement of Socialist Property and Speculation] chief M. Shestopalov, former chief of the special KGB Alpha unit V. Zaytsev—but all of them are sort of on the "sunny side" of private business, since they assist only organizations that are legitimately linked through some or other channels with state structures. Politicians' personal armies also consist of this type of personnel. Remember all the hoopla on the subject of Khasbulatov's large and well-armed army during his tenure as parliament speaker. It is common knowledge that a virtual army, equipped with heavy armaments, protects the president. Mayor Luzhkov ordered a separate military unit to be attached to each prefecture in the capital. Instead of combating criminal structures, they are up against an increasingly mighty entrepreneurial "shield" of politicians' covering force. Although the number of casualties is not declining: Every 72 hours an entrepreneur is killed in Russia— at home or in the office, in broad daylight, in a house entrance, in a car, or simply in the street.... Is there any hope that we will find a method of ridding society of rackets?

[Babayeva] There is only one road to relief: well thought- through legislation and an effective mechanism capable of putting it into action. What we have, however, is that even the mechanism for leveling fines has not yet been worked out sensibly. And I do not think that the procrastination over this law is entirely accidental. Recall the remark of Russia's chief procurator that one in two Duma deputies is delinquent. Society must look for a way to break this vicious circle.

Cossack Official on Criminal Past

954F2542A Moscow ARGUMENTY I FAKTY in Russian Jun 95 No 24, p 3

[Interview with Vladimir Podatev, president of the International Public Human Rights Movement, by ARGUMENTY I FAKTY correspondent Viktor Perushkin; place and date not given; under the "Politics in Person" rubric: "In the Past—a Crime Lieutenant; in the Future—....? For the First Time, ARGUMENTY I FAKTY Publishes an Interview With a Former Kingpin of the Criminal World"]

[FBIS Translated Text] Vladimir Podatev is a former influential crime lieutenant of the Far Eastern region.

In the ordinary world he is better known by the nickname "Poodle." Lately, as he says himself, he has broken all relations with the criminal world and plunged into public activities. He is currently president of the International Public Human Rights Movement, deputy supreme ataman of the Cossack hosts of Russia and abroad, and member of the Human Rights Commission of the Public Chamber under the Russian Federation President.

[Perushkin] Vladimir Petrovich, is it true that a crime boss or a crime lieutenant is forbidden from openly communicating with members of the press?

[Podatev] I do not know what is now forbidden there and what is not. Time has changed a lot of things. For instance, Jam (one of the most influential figures in the criminal world in the Far East) gave an interview to our local newspaper in which he said that if the press calls him a crime boss, he will sue. In real life, in case you do not know, a crime boss does not have the right to renounce his crown and his name.

But I no longer live by street ideas; I elevated and propagandized the "thieves" idea during the time I was part of the criminal world. And by the way, thieves' traditions have always rested on the foundation of honesty, integrity, and justice. To the extent that it was in my power, I kept up these traditions and tried to stop lawlessness. But today the idea has been distorted, just like in their time the communists distorted their idea. They also started with the foundation of honesty, integrity, equality, and brotherhood. But all this eventually grew into a totalitarian state. The same happened in the criminal world in my native parts—the Far East. When thieves were few, they stuck more to the old principles. But later, when Jam established himself and raised young upstarts around him, they began to solve all their problems from a position of strength.

[Perushkin] A year ago you traveled to America, where you met with the famous crime boss Vyacheslav Ivankov ("the Jap"). Was he understanding about your break with the criminal world?

[Podatev] My trip to America was in the capacity of a member of the delegation of the Union of Cossack Hosts of Russia and Abroad. My meeting with the Jap was unplanned. You see, we have known each other for a very long time. He is a very honest, decent, and deeply religious person. Therefore, he understood me....

[Perushkin] What can you say regarding his recent arrest by FBI agents?

[Podatev] I do not have all the information, but I can tell you that most likely it is an outright setup. Quite possibly, somebody needs to remove him from the picture, at least temporarily.

[Perushkin] Vladimir Petrovich, you say you have no spilled blood on your conscience. How then were you able to achieve such influence in the criminal milieu? The criminal world is not a young ladies' school, and judging by the score-settling taking place between groups almost daily, sooner or later you have to use force. Which does not happen without bloodshed.

[Podatev] I have always had to deal with plenty of problems. And right now their scope has probably grown instead of diminished. But as a rule I was able to resolve all conflicts through persuasion and without bloodshed.

[Perushkin] Did you do the persuasion yourself or did somebody help you?

[Podatev] Who could help me? When disputes needed to be resolved I was simply present as a person, and around me were the people who.... And also (and I particularly understood this over the past few years), I have some support from a supreme force. When someone wanted to inflict evil on me, this evil befell him instead: Those who wanted to humiliate me ended up humiliated, and those who wished me death found it themselves.

[Perushkin] Nevertheless, Far Eastern crime bosses are not particularly afraid of God's wrath and hate you for walking out on the criminal world. The aforementioned Jam, who, by the way, is the godfather of your son, speaks quite derisively of you.

[Podatev] We were indeed very close to Jam at some time. We did time in jail together and, as they say, shared rations there. There were indeed many things connecting us. In the criminal world I am known all over Russia. To resolve some problem in any region, all I needed to do was lift the telephone receiver and make a call. Therefore, when I announced my intention to walk away from crime, the Far Eastern crime bosses and lieutenants, including Jam, did not appreciate my actions and began to pressure not so much me as those who were working in common business with me.

[Perushkin] "Common business?" Do you mean....

[Podatev] Not at all what you think. Common business for me today is my work related to Unity—an international human rights movement. As well as my work in the Human Rights Commission of the Public Chamber under the Russian Federation President.

[Perushkin] How did you manage, after breaking all your ties, to organize Unity and become a member of the Public Chamber? The criminal world rejected you—who reached out for you with a helping hand?

[Podatev] First, V. Rateyev, the supreme ataman of the Cossack hosts of Russia and abroad; the poetess Rimma Kazakova; Academician Deryabin; V. Kamshilov, chief of the general staff of the Cossack hosts of Russia and abroad; Fedorov, chairman of Free Trade Unions of Russia; and Conservative Party Chairman L. Ubozhko. These people believed me and stood by me. All of them not only supported me but also joined this organization themselves and became active members of it.

[Perushkin] Apparently, having left the criminal Olympus, you have quite successfully begun to scale the political Olympus.

[Podatev] Nothing of the kind. The movement I head is between all and at the same time in contact with all. Unity is and will remain outside of politics and at the same time above politics. People join it regardless of their faith, party affiliation, gender, or nationality. People who live by the principle: When it is good for everyone, it is good for me too.

[Perushkin] This is a great theory, but in practice this is utopia. The main question is: Where does financial support for the movement come from?

[Podatev] From the money I earn. This is not criminal money gained through robbery. I have set up a number of companies that bring in a certain profit. And in the future, I hope, other entrepreneurs will join in.

[Perushkin] In what field do they operate? You see, as the famous Ostap Bender used to say, all big fortunes have been acquired by dishonest means....

[Podatev] Why dishonest? These companies are in legal business....

[Perushkin] But if you pump oil or timber abroad, this is also robbery, only on the scale of the state....

[Podatev] I have not been engaged in pumping oil, gold, or timber.... I have never had foreign currency accounts either here or abroad. A lot of money from my operations went into developing the Cossack movement, into aid to people in culture and sports, the disabled, and veterans.

[Perushkin] So how do you currently manage to finance Unity? As far as I know, criminal structures shut off the oxygen supply to many of your companies in revenge.

[Podatev] Over the past six months I have had to resort to some old accumulations: the apartment, cars, the cottage. I gradually sold them and out of the proceeds paid salaries to people and conducted charitable events.

[Perushkin] Strictly speaking, it is rather doubtful that all of this could be financed just through the sale of a home and a car. How many homes and cars do you have?

[Podatev] It all depends on the person. One needs, for instance, 100 million for some undertaking, and another, taking into account the labor he puts in and personal abilities, can do it with 3 million.

[Perushkin] In the past you had control of the common "kitty," and out of this money helped former convicts. Is Unity continuing to do this?

[Podatev] The "kitty" has nothing to do with Unity, because crime bosses did not support this movement.

[Perushkin] Why not? After all, giving support to such a cause means attracting popular masses on your side, and hence, becoming the master of the situation.

[Podatev] Our criminal world has always been outside of politics, but in this case it so happened that Far Eastern crime bosses followed the powers that be and together with them decided to crush this movement.

[Perushkin] And what about the rest of the crime bosses in Russia—have they also turned their back on you?

[Podatev] I have just talked on the phone with one of the crime bosses, and he voiced his support for me and passed on greetings from some of the Moscow crime bosses.... Those who knew me have not changed their attitude. If I walked out on the criminal world, this does not mean that I became a bad person. Therefore, more or less normal, thinking people treat me the same way as before.

[Perushkin] Why did you not undergo "baptism?"

[Podatev] I personally did not need it. I had enough respect and influence in the criminal world without a thief's crown.

[Perushkin] Have much time did you serve altogether?

[Podatev] Eighteen years.

[Perushkin] Did you spend a lot of time in punishment cells?

[Podatev] All in all I spent about 10 years in punishment cells, cell-type facilities, and special prisons.

[Perushkin] Generally speaking, it is hard—being a white crow. Life has shown us with the example of Otari Kvantrishvili, for instance, that if a member of the criminal world gets exposed, he is in for a meeting with a killer. Do you not find any similarity between your actions and Otari's?

[Podatev] I do not see anything in common here.

[Perushkin] Nevertheless, you are already exposed. How will your organization operate in such conditions—on one hand, the criminal world is putting the squeeze on you, and on the other—the powers that be.

[Podatev] We are now opening representations in different regions. Take, for instance, Khabarovsk Kray: A certain core of honest, decent people is forming, fighters, builders, and behind each are some real forces. *Tomorrow these people will decide who will be the mayor, and who will be governor. And if, for instance, that mayor or governor starts doing something the wrong way—they will correct him and say: Draw conclusions.* One, two warnings, and then they will call a referendum, and if the man cannot handle the job, another one will be elected. Without waiting for two or three years—on the current basis.

When such a movement gathers strength, Duma deputies will be elected (or recalled) precisely the same way. And presidential elections will proceed along the same lines. In a few months you will see that this movement will claim a very serious role. *And this is all going to be financed by entrepreneurs, and voluntarily.* We, in turn, with our branches in different regions, will assist in developing their business and will protect their interests. At all levels: From street crime to lawlessness on the part of bureaucrats of all colorations and rank.

[Perushkin] You said that a supreme force watches over you, but at the same time you have an armed bodyguard. Somehow this backup does not jive with faith in "God's intercession."

[Podatev] You have to combine both. You understand very well that in my current situation I cannot count only on God's help.

Media Issues

Authorities Order Investigation of Journalist's Death

LD1906174295 Moscow ITAR-TASS in English 1705 GMT 19 Jun 95

[By Olga Semyonova]

[FBIS Transcribed Text] MOSCOW, June 19 (ITAR-TASS) — Russia's chief military prosecutor has ordered an investigation of the murder of Russian journalist Natalya Alyakina who was killed in Budennovsk on Saturday.

The investigation was ordered in accordance with Article 251-1, clause b (misuse of weapons resulting in a death), Yuriy Yakovlev, head of the military prosecutor's office department supervising preliminary investigation, told ITAR-TASS on Monday.

Yakovlev said that a preliminary investigation showed that Alyakina's death was caused by gunshots fired by a Russian soldier. Although the investigation still continues, it is possible to say that it was not a premeditated murder, he said.

Alyakina, who worked for the German RUFA news agency and Focus magazine, died from heavy wounds in Budennovsk on Saturday. The car in which she and her husband, Gizbert Mrozek, a German national, were riding was stopped by a Russian military patrol at the entry to the town. The patrol checked their documents and let them go, wishing good luck. However, when the car drove off about 100 metres, two gunshots were fired from where the patrol was, Mrozek said. Alyakina was wounded and died on her husband's hands.

Military Issues

General Lebed Interviewed on Political Career Plans

LD1806001495 Moscow Russian Public Television First Channel Network in Russian 2005 GMT 17 Jun 95

[Interview with Russian General Aleksandr Lebed, former commander of the 14th Army, by correspondent Yuriy Selivanov; place and date not given; from the "Novosti" newscast]

[FBIS Translated Text] [Selivanov] Whereas the 14th Army had two commanders yesterday, today it does not even have one. General Valeriy Yevnevich, the new commander, who was in Tiraspol for less than 24 hours, has left for Moscow by air. It is expected that the aim of his trip is to solve issues related to reorganizing the headquarters of 14th Army. As for General Aleksandr Lebed, the former commander, he is still in his office, but now as a civilian.

[Lebed] I was today informed of Decree No. 231 that announced my transfer to the reserve and expressed gratitude for my irreproachable service.

[Selivanov] Could it be understood that your transfer from the Armed Forces to the reserve automatically means the start of your political career?

[Lebed] That is most likely. I am not going to be a yard-keeper or a (?security guard). Of course, I can do this. We have been through it. This is most probably what will happen.

[Selivanov] What position do you intend to occupy in the Russian political hierarchy during this struggle?

[Lebed] A centrist one. I am sick of both the left-wing and the right-wing radicals. As is known, their extremes meet, and one should not expect any good results from them. I am categorically against any revolutions. I support only the evolutionary ongoing path of development. That means relying only on our own strength, on our own hands and brains, and not relying on any uncles, on whom, for some reason, we continue to base our hopes. [end recording] [video shows Lebed being interviewed]

14th Army Command Formally Transferred 20 Jun

LD2006131995 Moscow ITAR-TASS in English 1236 GMT 20 Jun 95

[By Anatoliy Yurkin]

[FBIS Transcribed Text] TIRASPOL, June 20 (ITAR-TASS) — Generals Aleksandr Lebed and Valeriy Yevnevich today signed documents which put an end to the field command of the 14th army and transferred the command functions to a group of operational management of the Russian troops in the Dniester area.

The change in the command is seen by many as the dismantling of the 14th army, but Army General Konstantin Kobets, Deputy Defence minister and chief military inspector of the Armed Forces of Russia, who attended the signing, said everything is proceeding according to the General Staff's plan for reforming the army and there will be no weakening of Russian presence in the region.

General Kobets pointed out that NATO's eastward expansion and the developments in the former Yugoslavia set new tasks for ensuring Russia's national interests and security.

The reform of the 14th army is being carried out proceeding from Russia's economic possibilities and the changing geopolitical situation in Europe.

Further developments and the creation of a new European security structure will probably require changes to the plans, Kobets said. But it is up to politicians and not for the military to decide, General Kobets stressed.

Federal Assembly

Duma Devotes Discussion to Budennovsk Events

MM1906113195 Moscow IZVESTIYA in Russian 17 Jun 95 p 1

[Report by Sergey Chugayev: "State Duma Deputies Demand Government's Resignation and Restoration of KGB"]

[FBIS Translated Text] The State Duma's entire 16 June morning session was devoted to a discussion of the events in Budennovsk. Deputy Internal Affairs Minister Ye. Abramov and Federal Security Service Deputy Leader N. Kovalev, who were invited to the session, were, as expected, unable to provide more information than everyone knew already. Nor was an answer given to the main question: How were the gunmen able to penetrate the city?

On the other hand quite a lot was said about the shortage of men and money. N. Kovalev also stressed the need to restore for his service the functions that the state security service had in the period of the USSR's existence.

The idea of restoring the KGB met with a lively response from many deputies, especially those from the left-wing factions. As a whole, without the opportunity to influence the course of the development of the situation in Budennovsk, (incidentally, S. Kovalev and M. Molostvov and several others deputies preferred to fly to the place of the events rather than take part in the debates), the majority of legislators decided to try to reap political dividends from the tragedy.

The leitmotif of virtually all speeches was the demand for the government's resignation. Here the signatures collected calling for the resignation of the government by Democratic party of Russia leader S. Glazyev were very useful so the result of the vote of confidence in the government scheduled for next week is hard to predict.

The Communists and Agrarian Party members went further than anyone in the struggle against the authorities. On the instruction of these factions G. Zyuganov offered the deputies a list for an alternative organ of management which, according to his design, could take power in Russia if the present regime is unable to control the situation. The list contains many familiar names: S. Baburin, O. Bogomolov, S. Goryacheva, N. Gubenko, M. Lapshin, V. Starodubtsev, A. Tuleyev, and others. But the Communists' initiative gave rise to an unexpectedly sharp rebuff from Liberal Democratic Party of Russia leader Zhirinovskiy, who called it an attempt to form a second State Committee for the State of Emergency. In the opinion of the leader of the liberal democrats, the present situation in the Caucasus was provoked by the authorities and is aimed at introducing martial law in the country in the fall in order to prevent the holding of elections. Then, V. Zhirinovskiy believes, B. Yeltsin will be removed and M. Gorbachev, G. Popov, and L. Lebed will come to power in Russia In the Liberal Democratic Party of Russia leader's opinion this development of events can be avoided only by restoring the KGB, bringing the number of its employees up to 1 million, bringing the army's numerical strength up to 4 million, and switching to the guberniya administrative territorial division of the country, allowing deputies, ministers, and other leaders to carry weapons.

Deputies 'Unanimous' in Demanding Ministers' Heads

MM1906141095 Moscow KRASNAYA ZVEZDA in Russian 17 Jun 95 p 1

[Report by Vladimir Yermolin: "State Duma: Prevent an Explosion of Interethnic Hostility"]

[FBIS Translated Text] The State Duma began its plenary session Friday [16 June] with a discussion of the tragic events in Budennovsk. Unfortunately, the tone was set by interfactional accusations along the lines of "we told you so" followed, of course, by an exchange of political attacks which degenerated into attacks on individuals. But essentially the Duma members' reaction to the tragedy in Budennovsk was that the government is not coping with its task and so must resign. A motion of confidence in the government will be discussed next Wednesday.

Incidentally, Viktor Chernomyrdin should be prepared for accusations of attempting to "politicize the activity of the executive organs." In other words, he is being accused of active participation in electioneering. That is indicated in a statement signed by 108 deputies from various factions ranging from "Russia's Choice" to the Liberal Democratic Party of Russia.

Virtually all the factions called for the resignation of Interior Minister Viktor Yerin and Federal Security Service [FSB] Director Sergey Stepashin. Their representatives did not stay on the platform long — deputies considered it a waste of time to deal with their seconds in command. By and large, the speeches by the MVD [Ministry of Internal Affairs] and FSB professionals produced conflicting impressions: On the one hand there were assurances that the power ministries know their job and have sufficient forces to ensure Russians' security, while on the other there were complaints about a lack of money, appropriate laws, manpower....

There were plenty of concrete proposals from deputies (beside the unanimous demands for the dismissal of Yerin, Stepashin, the entire government): Recall Boris Yeltsin from Halifax and send him to Budennovsk to conduct the talks (Yavlinskiy); set up a public state council to establish order in the country (Zyuganov), reinstate the KGB and increase the Army's strength to 4 million (Zhirinovskiy), offer deputies in exchange for the civilian hostages (a number of parliamentarians), introduce a state of emergency in the south of the country, and so forth.

Various public organizations and state figures joined the parliament that day in expressing their attitude to the bloody drama in Budennovsk. Terror against the civilian population has been condemned in no uncertain terms by Western leaders. The opinion there is unanimous: No argument in favor of defending independence can justify the killing of innocent people.

However, parliamentarians were among those who expressed alarm that the events in Budennovsk are undermining the population's confidence in the law enforcement agencies' ability to protect unarmed people. Such feelings could lead to an eruption of violence against people of Caucasus ethnic origin. The task of the government, the president, and the State Duma is to prevent an explosion of interethnic hostility. But much will depend on how the main task of the day — the rescue of the hostages — is resolved.

Deputies Urge Chechnya Negotiations, Not Force

MM2006103995 Moscow TRUD in Russian 20 Jun 95 p 2

["Extract From Statement by Russian Federation State Duma Deputies Ella Pamfilova and Vladimir Lysenko": "The Victors Will Also Be Judged"]

[FBIS Translated Text] The official media are celebrating a victory — the last Chechen settlement controlled by Dudayev has been captured.

But the joy is manifestly premature. The tragedy in the Stavropol Kray town of Budennovsk testifies that the war goes on but in other, more dangerous forms.

Whereas for six months D. Dudayev controlled the Chechen armed formations, now, following the end of military operations in the mountains, the guerrillas, spreading throughout the North Caucasus, can start sowing death and destruction in vengeance for their torched villages and dead kith and kin in Chechnya. The response could be the start of pogroms against Chechens and other inhabitants of the North Caucasus in various parts of Russia.

The well-known proverb says, "Victors are not judged." They are, if theirs is a Pyrrhic victory. Violence has spawned further violence. Chechnya spawned Budennovsk. The law of the "boomerang..."

There is no way out of such situations involving force. Not in the past, not in the future. Not now.

Placing our hope in God, we urge each and everyone to be aware of the horror of killings, the futility of destruction, the hopelessness of vengeance, the danger of genocide. Negotiations, only negotiations.

They may be long, difficult, and agonizing — but they are the only path to life.

State Duma Considers No-Confidence Vote

Forward Russia Supports Vote

LD1906192595 Moscow INTERFAX in English 1639 GMT 19 Jun 95

[FBIS Transcribed Text] Moscow, June 19 (INTERFAX) — A State Duma deputy, leader of the Forward Russia movement Boris Fedorov and his supporters in parliament's lower house will definitely vote for dismissing the cabinet on Wednesday.

Fedorov, also Russia's former finance minister, told a press conference in Moscow that "this time the State Duma runs the best chance ever during its existence to finally vote for no confidence in the present cabinet."

He said the events in Budennovsk had once again revealed the complete incapability of the authorities to ensure citizens' security. Fedorov said it was not accidental that "the country's first people once again turned out to be aside though they ought to have immediately come to the scene of the tragedy."

Fedorov sharply criticized the actions of the Interior Ministry and Federal Security Service in Budennovsk. "If they cannot themselves efficiently fight against terrorists they could have invited or hired the Mosad specialists (Israeli intelligence special units)," he added.

Fedorov said that for the sake of the hostages' lives any of the gunmen's demands must be fulfilled. When asked if such an option was the best one for the future, Fedorov told an INTERFAX correspondent that "the very possibility of such actions reoccurring must be ruled out."

Russia's Choice Against Vote

LD2006104095 Moscow ITAR-TASS in English 1002 GMT 20 Jun 95

[By Ivan Novikov]

[FBIS Transcribed Text] Moscow, June 20 (ITAR-TASS) — The Russia's Choice faction of the State Duma will not vote for the resignation of the government, deputy chairman of the faction Boris Zolotukhin told ITAR-TASS on Tuesday.

"It is premature to motion a no-confidence vote while the hostage crisis is not solved yet," Zolotukhin said.

The faction plans to see the consequences of the Budennovsk tragedy when it draws to a close, and then they will decide on their attitute to the government, Zolotukhin said.

Committee To Seek Avoidance of Vote

LD2006103795 Moscow INTERFAX in English 0925 GMT 20 Jun 95

[FBIS Transcribed Text] Moscow, June 20 (INTERFAX) — The State Duma Committee for Legislation intends to call for refraining from considering the issue of no confidence in the government on Wednesday.

According to the information available to INTERFAX, the committee intends to suggest to the State Duma Council, which convenes for a session at 17:00 on Tuesday, that at its tomorrow's plenary session the State Duma should consider amendments to the Constitution aimed at strengthening parliamentary control over federal executive authorities, not the vote of no confidence in the government.

INTERFAX learned it from Viktor Pokhmelkin (of the Russia's Choice faction), deputy chairman of the Committee for Legislation. According to him, that initiative stems from Anatoliy Lukyanov (of the Communist Party faction), and at the committee sitting it was supported by the committee's chairman Vladimir Isakov (of the Agrarian faction), by Pokhmelkin himself and by a majority of other committee members.

As Pokhmelkin noted, the proposed amendments to the Constitution are designed to establish that deputy premiers and the leaders of power ministries should be appointed by the president with the Duma's consent. As for the Duma, it has the right to express no confidence "necessarily entailing juridical consequences" in the officials filling those posts.

As Pokhmelkin said, most members of the Committee for Legislation believe that the issue of no confidence in the entire government should not be raised before the special commission clarifies how the tragic events in Budennovsk could happen.

Nevertheless, Pokhmelkin noted that the State Duma Council has no right to remove the issue of no confidence in the government from tomorrow's agenda, since the call for it stems from no less than one-fifth of the deputies (102 persons).

Therefore changes in Wednesday's Duma session will have to be made directly at the session by a simple majority.

According to Pokhmelkin, if the Duma decides to consider the issue of no confidence in the government tomorrow after all, most of the Russia's Choice faction members will evidently abstain from voting.

Fedorov Views Prospects for Vote

LD1906141495 Moscow ITAR-TASS in English 1337 GMT 19 Jun 95

[By Pavel Kuznetsov]

[FBIS Transcribed Text] Moscow, June 19 (ITAR-TASS) — The Russian State Duma decided on Monday to discuss the issue of no-confidence in the government on June 21, chairman of the Duma Committee for Security Viktor Ilyukhin, told Itar-Tass.

Ilyukhin said lawmakers plan to discuss the issue for three hours in order to give the leaders of all factions, chairmen of the Duma committees and individual deputies an opportunity to express their opinions.

He stressed that the events in Budennovsk will certainly influence legislators' decision regarding the question of no-confidence in the government. On the other hand, the voting results will to a large extent depend on whether or not the hostages in Budennovsk are freed before Wednesday.

"The chances of passing a vote of no-confidence in the government are the highest since the election of this parliament," Boris Fedorov, leader of the "Forward, Russia" movement, said.

At the same time, he said that in Russia this may not automatically lead to the government's resignation. He did not rule out the possibility that the president will seek to delay the issue for as long as possible and may confine himself to firing two or three cabinet members.

Fedorov noted that only the factions of the Liberal Democratic Party of Vladimir Zhirinovskiy, "Russia's Choice" of Yegor Gaydar and "Stability" of Viktor Mironov may support the government.

If the Duma passes a vote of no-confidence in the government, the general attitude towards power in the country will change. This will weaken the positions of Prime Minister Viktor Chernomyrdin's "Russia Is Our Home" movement and the country will approach elections in a more stable and politically certain atmosphere, he said.

Bid Seen Having Fair Chance

MK2006102095 Moscow SEGODNYA in Russian 20 Jun 95 p 4

[Report by Petr Zhuravlev under the "Parliament" rubric: "No Confidence in Government Voting Set for Tomorrow. Chernomyrdin Team Opponents' Chances Are Rather High"]

[FBIS Translated Text] The State Duma will consider the question of no-confidence in the country's government tomorrow. It was put on the agenda of the lower house's session at the initiative of the DPR [Democratic Party of Russia] faction, which had some time ago gathered the number of signatures required by the rules in support of its proposal (102, with 90 being required); it did not bring up the question officially until recently, however, while it was conducting consultations with the other factions. As late as 15 June, the question of the government's resignation became a subject of discussion of the State Duma Council — in connection with the events in Budennovsk. In a resolution passed the next day, the deputies pointed out that the tragedy in Stavropol Kray is "yet another" basis for the cabinet's resignation, which "once again" demonstrated "helplessness and irresponsibility."

Voting 16 June for the inclusion in the text of the resolution the phrase about "yet another basis" were 228 deputies, suggesting that the question of no confidence will gather the necessary 226 votes, a simple majority. Nevertheless, the majority of factions planned sittings today that are expected to result in each of them adopting concerted positions regarding tomorrow's voting.

Under the Constitution, the president has the possibility "to disagree" with the State Duma decision on voicing no confidence in the government (if this is, of course, the decision). In such a case, the Duma may insist on holding, within three months, a repeat voting on the cabinet's resignation. In this event, the head of state has the right either to satisfy the deputies' demand or disband them and call new elections.

The country's lower house of parliament cannot be disbanded in four cases: if it has been less than one year after the State Duma elections; if an emergency situation has been introduced on the territory of Russia; if there remains less than six months until presidential elections; and, finally, if the deputies have started the impeachment procedure against the head of state and already formulated an accusation against him.

Assuming Boris Yeltsin is firm in his decision not to change the government, and the Duma is unable to express no confidence in the cabinet in the first and second attempts, one may suppose that the deputies, in order not to be disbanded, would have to go ahead with impeachment. True enough, this procedure is extremely complex. The Fundamental Law, however, says that nothing in addition to an accusation against the president is required of the Duma in this case. The accusation, however, is then supposed to be put by a qualified majority of deputy votes (300) rather than by a simple majority. Besides, it is necessary to decide when and how the president betrayed the country and committed some "other grave crime."

At least one thing results from the proceeding: Tomorrow's discussion at the State Duma is going to be far from the most ordinary event. It is therefore not clear why the question of no confidence in the cabinet is followed on the agenda right away by the question of confirming the chairman of the Central Bank. Two difficult discussions on one day is too much. The question of Tatyana Paramonova will inevitably become "blurred," which is not going to do any good at all.

Deputies on Production-Sharing Agreement Law

LD1606203695 Moscow ITAR-TASS World Service in Russian 1250 GMT 16 Jun 95

[By BIZNES-TASS correspondent Robert Serebrennikov]

[FBIS Translated Text] Moscow, 16 Jun (ITAR-TASS) — The law "On Production-Sharing Agreements," which was adopted on Wednesday by the State Duma, is of direct relevance to the interests of Russia's raw material producing regions, said Nikolay Gonchar, chairman of the Federation Council Budget and Finance Committee in an interview with a BIZNES-TASS correspondent. He said representatives of these regions in the Federation Council are expressing their concern over the fact that implementing the document could negatively affect their budgets. The deputies are worried because the law could be applied either to the benefit or the detriment of the country. "By attracting foreign investments you can let the country be pillaged, or you can attract investments and help it get back on its feet," Gonchar said.

A representative of one of the raw material producing regions, head of the Komi Republic Yuriy Spiridonov, when asked by a BIZNES-TASS correspondent to comment on the law adopted by the State Duma, said the law "somewhat exaggerates the role of federal structures in production sharing." He thinks that "he who works must have the disposal of the results of his labors".

By itself, the law "On Production-Sharing Agreements" cannot help attract foreign investments, Spiridonov pointed out. Foreign investors are demanding political guarantees. If there is a stable political situation in Russia, the law will work, but if not, it is an empty law, thinks the Komi Republic head of government.

In 1995, there will be $300 million of foreign investment in Komi Republic, Yuriy Spiridonov said, rising to $600 million in 1996. But this is not much; we need at least $2 billion to begin expanded production, he said.

At the same time, the majority of State Duma deputies think that the adoption of the law "On Production-Sharing Agreements" is a major step toward a broader attraction of foreign capital into the Russian economy. State Duma Deputy Yegor Gaydar called the document "very good and positive." The law is useful in the highest degree for stimulating the inflow of foreign investments essential for growth in the Russian economy, he said.

Regional Affairs

Coverage of Budennovsk Hostage Situation Continues

Chernomyrdin Talks With Yerin, Basayev

LD1906140095 Moscow Russian Television Network in Russian 0118 GMT 19 Jun 95

["Uncut video recording" of Russian Prime Minister Viktor Chernomyrdin speaking on telephone with, consecutively, Interior Minister Viktor Yerin, Chechen rebel Shamil Basayev, and Duma Deputy Viktor Kurochkin; from a special "Vesti" news program]

[FBIS Translated Excerpt] [Announcer] Literally just a few minutes ago, Viktor Chernomyrdin finished a telephone conversation with Budennovsk. Here is the uncut video recording of this conversation:

[Chernomyrdin] Hello, Viktor Fedorovich [Yerin]. Good day, good... good morning, already, is it? Well, what about our conversation in the evening — have you checked all the parameters and everything that was agreed? Actions according to the statements, carrying out all the points set down in the statement, right? [long pause]

The buses and the refrigerator truck will be standing there at 0500 [0100 GMT]. [pause]

I understand. [passage omitted: 45 seconds of Chernomyrdin periodically saying "yes"]

Yes, as we said, accompanied by GAI [traffic police], but let them empty everything. Check the hospital, check everywhere for anything left behind, any explosives, everything with them; and only after that, let them mount up, as we specified in the statement, and let them move off in the direction they choose, which they chose in advance. Right? [passage omitted: 30 seconds of Chernomyrdin periodically saying "yes"]

Everything as we said. But most importantly, I ask you once again to pay attention to all the places, the cellars, the auxiliary premises, so there is nothing of what we talked about, explosive devices. [pause]

Well, that is as it should be. There should be no compromises here. Everything should be above board, everything should be within the agreement, within the bounds of the documents, the statement that has been signed. We must not retreat from anything. But let everything be carried out, most importantly within the deadlines that were set. [passage omitted: 35 seconds of Chernomyrdin periodically saying "yes"]

Everything as we agreed upon, Viktor Fedorovich. After we finish talking, I will speak to Basayev again, I will speak to the deputies who are there. They tell me they have arranged plenty of volunteers who want to send them. [as heard] So, everything must be laid down and noted, everything determined. We must not diverge anywhere. We must act according to the agreement. [pause]

No. [pause] No, I think no. If anything happens, any divergences — what, say again? As we were saying just now, right? [passage omitted: 15 seconds of Chernomyrdin periodically saying "yes"]

Absolutely, yes. Viktor Fedorovich, you will be able to see how the situation develops there again. We in effect discussed everything again three hours ago. We set all the parameters; and we said once again that we would meet at about 0500, I mean on the phone, and once again, in order for them to leave, let them release them all. That has to be met, that has to be done, that has to be implemented. I am asking you, Viktor Fedorovich. Is that all? Is that all? Call me. Best of luck. Goodbye. Goodbye.

[Chernomyrdin addresses others in the room] Is it coming? [addresses correspondents] We were talking — have you recorded it? [telephone rings] Yesterday they released 500. Today they should release the remainder.

[Unidentified person in office, speaking into telephone] Hello? Shamil [Basayev]? How do you hear me? [passage omitted: discussion of phone line, Chernomyrdin says "hello" several times]

[Chernomyrdin] This is Chernomyrdin, hello. [pause] Well, once again, bearing in mind that time is moving on, to start with: We said all our actions would begin at 0500 [0100 GMT]. How are you doing? [pause] All right? I have just checked again with the minister of internal affairs. All the transport we talked about has been prepared. It will now be put where we agreed. We still have to act within the parameters laid down by the statement. Do you have any questions? No questions? Right. How did the night go? All right? Well then, bearing in mind we only have just under 20 minutes left, or about 20 minutes, I will ask you once again. The minister knows, and everything needed has been made ready. Are there any deputies near you? [Pause]

Can I talk with one of them? Yes, all right, all right, I'll wait. [12 second pause]

With whom am I speaking? [pause] Good morning, I am speaking to Viktor Kurochkin? Is that Vitor Vasilyevich? Viktor Vasilyevich, I spoke to Yuriy Andreyevich Rybakov three hours ago. As it appears, you have discussed everything, first with Basayev. Then I talked to him and he confirmed that you are there and that you have expressed your desire to go on the buses with Shamil Basayev and that the necessary people for that trip are available.

I would like to say in the presence of everybody that I have just spoken to Internal Affairs Minister Yerin again. Everything is ready. The buses are ready. The technical side is covered. The escort is ready. We must now do everything set out in the government statement which indicates everything: what the government has to do, what the relevant persons in the region have to do. This all has to be carried out now and done well and done with honor. The chief thing is that they free the people and that when they leave, they leave behind those who are in the hospital now. But at the same time, please be careful to examine the cellars in the presence of all those who are there. Examine all the premises to ensure that nothing is mined and nothing is left behind and that there are no occurences there, God forbid.

Have you expressed the wish to escort them all the way? Of your own free will? [Pause]

Yes. I have been told that there are volunteers among the hostages there. I have to tell you that the statement makes everything clear. I cannot take any decision if there are hostages in the buses because we are giving our guarantee provided that there are no hostages. We are saying that everyone must be freed. We are meeting all our conditions. We are covering the technical side. We are supplying the buses. We are guaranteeing safe passage to their destination. But if you deputies express the wish — and I repeat that it is your decision — then everything will be done as stipulated in the statement.

That is why, Viktor Vasilyevich, I would like to say that I have spoken with the minister on the matter some 10 minutes ago. Everything is ready. Now when you come into contact with them [Basayev's men] when they start coming out [of the hospital], please be wise and responsible. In short, do everything that is necessary to make it possible to make this operation succeed. We have to do everything to have the people released. The hostages must be released. [11-second pause]

Viktor Vasilyevish, I have already told Basayev and also Rybakov that you can get through to me at any time on a special communications line. Everything should be done to make it possible for them to reach their destination, including keeping to the route of the buses and adhering to the agreements. Please remember to register everything. All the issues should be discussed and agreed upon. If there are volunteers, they themselves must state that they are volunteers, because we cannot — I just cannot risk the lives of the hostages to be used as a human shield. I never go for that. This is only a matter that volunteers can undertake. Anyway, all that has been agreed upon will be fulfilled.

Viktor Vasilyevich, I am asking you not just as a Russian citizen, but also a deputy to do everything possible to bring an end to this calamity. Show your civic spirit and courage. OK. Well, then, all the best to you. And if need me, phone me up from any place at any time. OK. All the best. Goodbye. [passage omitted: Chernomyrdin answers correspondents' questions: repeat of all the issues covered above in his telephone conversations]

Premier: 'No Mercy' for 'Rebels'

LD1906120595 Moscow ITAR-TASS in English 1149 GMT 19 Jun 95

[By Andrey Serov]

[FBIS Transcribed Text] MOSCOW, June 19 (ITAR-TASS) — "Everything will be over in a matter of minutes," said Russian premier Viktor Chernomyrdin after another telephone talk with leader of terrorists Shamil Basayev, who took hostage over 1,000 residents in the southern Russian city of Budennovsk.

He stressed that, following a release of hostages in Budennovsk, talks in Groznyy will start between a Russian Government delegation and representatives from Chechen rebels.

The prime minister assured at the same time that "we shall not do what runs counter to the Constitution" at these talks. According to the premier, the Russian side does not intend to change conditions offered to Dudayev's rebels earlier. "There will be no mercy," he stressed.

The Russian premier also assured that all efforts are being taken to prevent a tragedy similar to the one which struck Budennovsk. He noted that the government has information about actions of the same kind which are being hatched by Chechen gunmen. Chernomyrdin called such actions as agony.

All measures will be taken to help victims of these heinous terrorist act. The cabinet head stressed that he is in constant contact with President Boris Yeltsin concerning the situation in Budennovsk.

The last telephone talk between them was held about 30 minutes ago, the premier said.

Convoy Heads For Chechnya

LD1906163495 Moscow ITAR-TASS in English 1619 GMT 19 Jun 95

[By Nikolay Styazhkin]

[FBIS Transcribed Text] STAVROPOL, June 19 (ITAR-TASS) — A convoy of buses carrying Chechen terrorists and a group of hostages has left the Stavropol region and is heading for Chechnya.

On the approaches to the village of Kurskaya, Stavropol region, Basayev sent a radio message to the local authorities demanding that they prepare a tank of motor oil. The demand was satisfied.

Having picked up the tank, the convoy continued movement. It turned out later that one of the buses suffered a minor malfunction and needed its motor oil changed.

It is noteworthy that the last village in the Stavropol region through which the buses passed is called Russkiy, or Russian.

Before leaving Budennovsk, the terrorists led by Shamil Basayev demanded that they are provided with medications and dressing materials.

The wounded militants are riding in a bus with removed seats and are being accompanied by a doctor.

All buses are being driven by Basayev's men. He has demanded that the column be escorted by traffic police to the village of Starodubskoye, 30 kilometres from Budennovsk. Further the buses will travel without the police escort.

In addition to Duma deputies and local administration officials, the hostages travelling with the terrorists as a "human shield" include 13 journalists, all in all about 150 people.

Chernomyrdin on Security Guarantees

LD1906174795 Moscow INTERFAX in English 1715 GMT 19 Jun 95

[FBIS Transcribed Text] MOSCOW, June 19 (INTERFAX) — The security guarantees offered by the Russian government to Chechen terrorists will be observed until their arrival to their destination in Chechnya, there will be no use of force against them on their way, Prime Minister Viktor Chernomyrdin told the press in Moscow Monday. He added that after the arrival of the militants "mercy will not be shown on anyone," however everything will be done in the framework of Russian legislation and the Constitution.

Chernomyrdin said a government commission has been set up to look into the circumstances of the tragedy in Budennovsk. "The tragedy could have been avoided if there had been an appropriate attitude by everyone in charge," he stressed. He did not rule out the possibility of Chechen militants carrying out further terrorist attacks in Russia, primarily in its southern regions. Chernomyrdin said the government has information about fresh attacks being planned, which "is an indication of the agony of the Dudayev regime."

Chernomyrdin also reported that immediately after the release of the hostages, peace talks will begin in Groznyy between a government delegation led by Deputy Minister for Nationalities' Affairs Vyacheslav Mikhaylov and the Chechen delegation led by Usman Imayev. "All matters will be settled exclusively in line with and in the framework of Russian laws and the Constitution, any concessions or compromises are out of the question," Chernomyrdin stressed. He pointed to the need to end the bloodbath in Chechnya, to restore the economy of the republic and hold free elections in which the Chechen people can determine their future.

Convoy Enters Chechen Territory

LD2006064195 Moscow Mayak Radio Network in Russian 0600 GMT 20 Jun 95

[FBIS Translated Text] We have received a report that the bus convoy carrying the terrorists and the hostages passed the town of Kizlyak today at 0704 hours [0304 GMT] and is continuing to move toward Babayurt. The convoy is moving parallel to the Chechen border. INTERFAX has learned this at the Russian Internal Affairs Ministry, North Caucasus Directorate for the Fight Against Organized Crime. No incidents have been reported during the convoy's trip.

[Moscow Radiostantsiya Ekho Moskvy in Russian at 0630 GMT adds: "The convoy of terrorists and hostages is on Chechen territory, INTERFAX reports, citing the North Caucasus Organized Crime Directorate of the Russian Interior Ministry."]

Basayev Demands Safe Passage

LD2006093395 Moscow ITAR-TASS in English 0920 GMT 20 Jun 95

[By Gadzhi Shamov]

[FBIS Transcribed Text] MAKHACHKALA June 20 (ITAR-TASS) - The convoy of Chechen terrorists and volunteer prisoners is surrounded by three rings of armour in the Dagestani town of Khasavyurt close to the Chechen border and guerrilla commander Shamil Basayev demands safety guarantees for the passage across Chechnya.

The convoy arrived in Khasavyurt at 08.50 hours Moscow time (04.50 GMT) Monday and remained there as for 12.30 hours.

Basayev wants written safety guarantees from the Russian commander in Chechnya Anatoly Kulikov who is currently participating in peace talks in Groznyy.

Basayev extended his demand to Dagestani authorities by radio, but first deputy Interior minister of Dagestan Valeriy Beyev told Tass he did not specify which guarantees his militants need concretely. He said that over a hundred hostages Basayev is holding is the main guarantee.

"There is no progress in the talks", Beyev said adding that Basayev demands to speak to the top Dagestani leadership and said Beyev's rank was not high enough.

In the meantime, the convoy of terrorists and volunteer prisoners who agreed to act as a "live shield" on the way from Budennovsk to Chechnya, has been surrounded by three rings of armoured vehicles, cars, the army troops and police. Combat helicopters permanently fly over the convoy.

The Dagestani Interior department said several terrorists were given a car and drove along the road to Chechnya to check whether it was safe for the convoy to proceed.

It is expectecd that the voluntary hostages will be freed in the Zandak village of the Vedeno region of Chechnya, according to Russian negotiator in Groznyy Arkadiy Volskiy. The final place of destination of the terrorists is expected to be the village of Dargo 10 kilometres east of Vedeno.

Chernomyrdin: 'No Compromises' With Dudayev

MM2006074395 Moscow KOMSOMOLSKAYA PRAVDA in Russian 20 Jun 95 p 1

[Report by Aleksandr Gamov: "In Response to KOMSOMOLKA's Question Viktor Chernomyrdin Says: There Will Be No Compromises With Dudayev!"]

[FBIS Translated Text] The White House, 1430 hours, 19 Jun — Viktor Chernomyrdin had his two last telephone conversations with Shamil Basayev at 1330 and 1415 hours yesterday. Afterward the prime minister answered questions from journalists, who included our correspondent.

[KOMSOMOLSKAYA PRAVDA] Viktor Stepanovich, what have you nonetheless succeeded in reaching agreement on with the head of the terrorists?

[Chernomyrdin] All the decisions have been coordinated. The gunmen, the wounded, and the dead have begun to be loaded. The terrorists' convoy will go back where they came from. Naturally everyone who is in the hospital will be released. I mean the hostages.

Deputies, journalists, and volunteers from among the hostages are going with the gunmen. No one has been included in the escort group by force.

[KOMSOMOLSKAYA PRAVDA] What lessons can be learned from everything that has happened?

[Chernomyrdin] This tragedy must be investigated. People have suffered the most. I would like to take this opportunity to express my deepest condolences to the families of those who died and my compassion for those who found themselves in this terrifying situation.

Everyone knows about the steps that we have been taking throughout this period, therefore I do not want to dwell on that. The main thing is that we have removed all the questions. And I hope that everything will proceed without complications.

[KOMSOMOLSKAYA PRAVDA] How often are you in contact with the president? What guarantees are there that there will not be a repeat of this kind of tragedy?

[Chernomyrdin] We are in constant contact with Boris Nikolayevich Yeltsin. He is up to date on everything. As for the possibility that there might be a repetition.... We have information that other actions are being prepared. That is why we set out our view of the problem very clearly in our statements, entered into the negotiating process, and formed an authoritative team.

[KOMSOMOLSKAYA PRAVDA] What is the aim of the talks?

[Chernomyrdin] The most important thing is to halt the combat operations and carry out disarmament. It is essential that more active restoration of the national economy begins so that life in the republic can return to normal and the Chechen people can calmly prepare for democratic elections. They must decide their destiny for themselves — and they will do so.

[KOMSOMOLSKAYA PRAVDA] Is there any guarantee that the guerrilla convoy moving toward Chechnya will not be attacked by the power structures?

[Chernomyrdin] First, our volunteers are in the convoy. They must be safe. Second, there are government guarantees that we will carry out the terms for the hostages' release. And we have no intention of breaking our promises.

[KOMSOMOLSKAYA PRAVDA] So there will be no accidents?

[Chernomyrdin] That is ruled out.

[KOMSOMOLSKAYA PRAVDA] When will the volunteer hostages be released?

[Chernomyrdin] When the guerrillas, as agreed with Shamil Basayev, reach Chechnya, their final destination.

[KOMSOMOLSKAYA PRAVDA] Are you convinced of the terrorists' honesty?

[Chernomyrdin] I would like to believe that Shamil Basayev will carry out his promises. Although I cannot guarantee 100 percent that nothing will happen to our volunteers.

[KOMSOMOLSKAYA PRAVDA] Will Russia change the conditions that it previously put to Dudayev and his paramilitary formations?

[Chernomoyrdin] Not at all. No one will change our terms. There is no need for that.

[KOMSOMOLSKAYA PRAVDA] Is compromise possible with Dudayev?

[Chernomyrdin] No compromises are possible. There is a Russian Constitution, and we will operate within its framework.

OSCE Delegate, Dudayev Representative Discuss Talks

LD1906182395 Moscow Russian Public Television First Channel Network in Russian 1700 GMT 19 Jun 95

[From the "Vremya" newscast]

[FBIS Translated Text] The first day of the Russian-Chechen talks has ended. Our correspondent has just interviewed Szandor Meszaros, the Organization for Security and Cooperation in Europe [OSCE] delegate; and Usman Imayev [former procurator general in Dzokhar Dudayev's government], head of Dudayev's delegation.

[Begin recording] [Meszaros] The bloc of military issues has been singled out as being the most important. As far as this bloc is concerned, agreement has been reached to continue discussion and to adopt decisions on halting the military operations, mutual release of hostages, and halting terrorist and subversive activities. Disarmament and related problems have also been considered. The talks will be continued tomorrow at 1000 [1400 GMT].

[Unidentified correspondent] Mr. Meszaros, as mediator in the talks, what is your opinion of today's results?

[Meszaros] Personally, I am very pleased with the course of the discussion and the results I told you about.

[Imayev] I share the view expressed here by the head of the OSCE group, that is, the talks will be continued tomorrow.

[Correspondent] Did you hold any sort of consultations?

[Imayev] Yes, we held consultations today.

[Correspondent] To what extent has Dzokhar Dudayev agreed with the issues you are discussing here?

[Imayev] Fully. [end recording]

Agreement in Groznyy Talks

LD2006103995 Moscow INTERFAX in English 1023 GMT 20 Jun 95

[FBIS Transcribed Text] GROZNYY, June 20 (INTERFAX) - According to preliminary reports, representatives of Dzhokhar Dudayev and the Russian government at the talks in Groznyy have reached agreement on keeping individual federal units in Chechnya, INTERFAX was told Tuesday by a source close to the negotiators.

Russian units are expected to be stationed in three cantonments in the foothills of Chechnya "to prevent possible acts of terrorism by militants in the republic".

According to the source, the federal leadership also intends to deploy an infantry brigade of the land force in Groznyy.

The government delegation assured Dudayev's representatives that the Chechens who voluntarily surrender their arms will be guaranteed security and the freedom of travel.

The talks also focuss on plans of separating the conflicting sides and conditions of a ceasefire.

The Russian side is led by the Deputy Minister for Nationalities Affairs Vyacheslav Mikhailov and the Chechen by Usman Imayev.

Three Chechen Commanders Killed in Ambush

LD1906133795 Moscow INTERFAX in English 1228 GMT 19 Jun 95

[FBIS Transcribed Text] NAZRAN, June 19 (INTERFAX) — Three Chechen commanders, chief of the headquarters of Chechnya's southwestern front Shirvani Albakov, commandant of Bamut Ramazan Ferzauli and a field commander, and the driver of the UAZ car in which they rode along a forest road, were killed near the village of Assinovskaya last Sunday, informed sources in Nazran told INTERFAX on Monday.

The car, which also carried ammunition for a grenade launcher, was attacked in an ambush by a federal special unit. As a result of the attack the car exploded. Another car, a Niva, with four militants, which drove ahead of the UAZ, came under fire as well but no one was injured, the same sources report.

The field commanders may have decided to use the lull (in view of the events in Budennovsk federal troops have halted combat operations in Chechnya) to carry out a reconnaissance operation near Assinovskaya.

A source in Nazran announced that in revenge for the killed commanders, Chechen militants attacked two Russian posts near Assinovskaya. As as a result of the attack, 20 federal servicemen were killed, said the source.

Meanwhile, there has been a lull near Bamut since Monday morning.

Pacific Fleet Marines To Remain in Chechnya

LD2006104295 Moscow INTERFAX in English 0925 GMT 20 Jun 95

[FBIS Transcribed Text] VLADIVOSTOK, June 20 (INTERFAX) — Following the hostage crisis the joint marine regiment will remain in Chechnya and continue guarding appropriate sites, INTERFAX-Eurasia was informed by the press center of the Pacific Fleet.

According to the source, the decision to withdraw marines from the conflict zone was made shortly before the crisis. In the context of the developments in Budennovsk the date of the pullout has not been defined.

Moratorium on Chechnya Combat Operations Extended

LD2006104995 Moscow ITAR-TASS in English 1017 GMT 20 Jun 95

[By Sharip Asuyev and Oleg Velichko]

[FBIS Transcribed Text] GROZNYY June 20 (ITAR-TASS) — The moratorium on combat operations in Chechnya has been extended for at least three days — until June 23, Arkadiy Volskiy, a member of the Russian delegation at the current talks on a peaceful settlement of the Chechen conflict, has told journalists.

The talks are taking place in the OSCE [Organization for Security and Cooperation in Europe] mission building here.

MVD Gas Station Blown Up in Moscow

LD1906212695 Moscow Radio Rossii Network in Russian 2000 GMT 19 Jun 95

[FBIS Translated Text] On Monday a gas station belonging to the Russian Ministry of Internal Affairs was blown up in Moscow. Competent sources do not rule out a possibility of a terrorist act.

Edict on Future of Tatarstan Petrochemical Complex

954F2550A Kazan RESPUBLIKA TATARSTAN in Russian 14 Jun 95 p 2

["Edict of the President of the Republic of Tatarstan: On Further Improvement in the Management of the Oil and Gas Complex of the Republic of Tatarstan"]

[FBIS Translated Text] For the purposes of increasing efficiency of activity and production competitiveness of the petro- chemical complex on the world market, further improving the system of management of the complex, increasing investment opportunities, and reinforcing the coordination functions of the Tatneftekhiminvestkholding joint-stock company, I decree:

1. To support the proposal of the board of directors of the Tatneftekhiminvestkholding joint-stock company concerning improvement of the system of management of the petro-chemical complex of the Republic of Tatarstan.

2. Within a month's period the State Committee for the Management of State Property of the Republic of Tatarstan will transfer to the Tatneftekhiminvestkholding joint-stock company trustee ownership (trust) of blocks of shares of stock of enterprise-founders officially owned by the Republic of Tatarstan. At the same time, shares of stock in the sum of 10 billion rubles will be transferred in the form of an investment of the Republic of Tatarstan in the authorized capital stock of the joint-stock company.

3. To propose that the Tatneftekhiminvestkholding joint-stock company bring onto the staff of the board of directors R.F. Muratov, first deputy prime minister of the Republic of Tatarstan, and F.R. Gazizullin, deputy prime minister of the Republic of Tatarstan and chairman of the State Committee for the Management of State Property of the Republic of Tatarstan.

4. To establish that to regulate and ensure the stable receipt of income into the budget of the Republic of Tatarstan:

the export of oil and other products produced by enterprise- founders of the Tatneftekhiminvestkholding joint-stock company will be conducted basically through the Suvar joint-stock company;

the Cabinet of Ministers of the Republic of Tatarstan within a 10-day period will establish a list and procedure for the sale by the Suvar joint-stock company of oil and other products produced by enterprise-founders of the Tatneftekhiminvestkholding joint-stock company.

5. The State Committee for the Management of State Property of the Republic of Tatarstan and the Tatneftekhiminvestkholding joint- stock company within a month's period will make the appropriate changes to the staff of the board of directors and the founding documents of the Tatneftekhiminvestkholding joint-stock company.

6. This edict goes into effect on the day it is signed.

[Signed] President of the Republic of Tatarstan Shaymiyev

Kazan, the Kremlin. 13 June 1995.

Power Station Blows Up in Perm

LD1606201795 Moscow ITAR-TASS in English 2004 GMT 16 Jun 95

[By Leonid Bagdatyev]

[FBIS Transcribed Text] PERM, June 16 (ITAR-TASS) — The electric power station "Portovaya" in Perm blew up on Friday [16 June] due to a short circuit.

The regional fire emergency service and the city power networks department told ITAR-TASS that for some reason, the automatic safety system of the lowering oil generator failed. Power transmission to the port region, where coal is loaded from vessels into railroad cars, stopped.

Firemen testified that the power unit was heating like an iron. Luckily, the explosion of oil and the fire at the power station entailed no casualties. The fire was rapidly distinguished, however, there is still a risk of jam of railroad cars arriving to be loaded with coal.

A commission of firemen and the "Permenegro" association are investigating the accident. The military commissariat and the interior department of the region stated the day before that the readiness of all divisions and the protection of industrial enterprises and facilities of special importance were reinforced in connection with the events in Budennovsk.

Explosion Occurs at Siberian Oil Reservoir

MM1906133095 Moscow IZVESTIYA in Russian 17 Jun 95 p 3

[Report by Viktor Kostyukovskiy: "Explosion on Trans-Siberian Oil Line"]

[FBIS Translated Text] Kemerovo — On the evening of 15 June the environs of the Siberian city of Anzhero-Sudzhansk were shaken by a powerful explosion. Some three kilometers north of the city the oil reservoir of the Trans-Siberian oil pipeline transit line had caught fire. At the time it contained over 16,000 tonnes of oil.

Considerable fire brigade facilities were concentrated on extinguishing the fire — a special train, about 40 vehicles, and over 200 personnel. By the middle of the next day the fire had been successfully extinguished.

The natural suspicion which nearly arose that this might have been an act of subversion seems to be starting to dispel. According to preliminary reports the culprits were not Chechen terrorists but three local boys who had trespassed onto forbidden territory in order to... smoke. Two of them were hurled into the air by the shock wave and are in hospital. The fate of the third boy still remains unclear.

Head of Nalchik Central Bank Clearing Center Details Functions

954F2525A Nalchik GAZETA YUGA in Russian 9 Jun 95 p 2

[Article by Yuriy Ryavko, chief of the head clearing center of the city of Nalchik: "Clearing Centers: Your Money Travels Through Space"]

[FBIS Translated Text] In 1990, territorial subdivisions-clearing centers were created as part of the Central Bank of the Russian Federation. Up until recently such a structure as a clearing center had not been mentioned in a single law on banks— only in various normative acts. On 12 April 1995 the State Duma of the Russian Federation adopted the law "On the Central Bank of the Russian Federation (Bank of Russia)." It notes, in particular, that the unified centralized system of the Bank of Russia will include clearing centers as indispensable elements. What a clearing center is and what its role will be in the existing banking system is discussed by the chief of the head clearing center of the city of Nalchik, Yuriy Ryavko.

The Nalchik GRKTs [head clearing center] is the largest and most important structural division of the National Bank of the Kabardino-Balkar Republic. Furthermore, there are also clearing centers in the cities of Baksan, Mayskiy, Nartkal, Prokhladnyy, and Terek, and the village of Chegem. What do they do? First of all it must be noted that all of us, both individuals and legal entities, live in a world of settlements, in a world of movement and shifting of monetary flows—cash and noncash. Without them, all economic life would simply die out. clearing centers are something like pumps that cause these flows to move. Their task is to make noncash settlements among commercial banks (which represent all kinds of economic organizations) and also to monitor these settlements through their correspondent accounts opened in the clearing center.

Another important function of the clearing center is the so- called cash service for commercial and savings banks and budget organizations (that is, clients of the clearing center). In our country this is called reinforcement with cash money, which goes for wages, pensions, grants, stipends, payment for deposits of the population, economic needs, etc.

Through its clearing centers the Central Bank of the Russian Federation provides for effective and continuous functioning of the system of settlements, exercises a monopoly on the issuance of cash, organizes its circulation, and establishes the rules for conducting banking operations, bookkeeping, and reporting on it.

Simply put, through the clearing center they provide for order, reliability and—especially important at the present time— authenticity of settlements. Back in 1992 after we—and we were not the only ones—"got burned" with false letters of advice, in the system of the Bank of Russia, an immense amount of work was done to eliminate "fake" money transfers. And such attempts are being made now as well. Thus during the last year and a half invalid letters of credit worth approximately 300 billion rubles [R] were sent from the GRKTs of the city of Nalchik to various regions of Russia. Only if the clearing center that is the recipient of the money strictly observes the rules for transferring it will the counterfeit money fall into the traps that have been set and be removed from circulation.

In spite of the system that has been developed for protecting bank settlement documentation, there is still a probability of counterfeit transactions. The shortcoming is that the banking documents pass through a significant number of individuals on their way from the sender to the receiver. Unfortunately, the honesty and responsibility of certain of them is not always beyond reproach. How do we eliminate the movement of false documents?

The idea is that information at the regional level will be transferred from one clearing center to another through a special space satellite, and within the regions—that is, in our republic— through local telecommunications networks, which will have reliable protection from attempts to access them. The first of these dispatches will be made as early as next year.

This innovation will make it possible to solve another significant problem as well—acceleration of settlements. The clearing centers are frequently criticized for being slow at moving money, which takes too long to get from the sender to the receiver. Regarding this I can say the following—settlements are made through Nalchik in one work day. Funds are transferred to the client's account no later than the next morning. And throughout the republic this takes two or three work days. As for settlements outside the republic made from the clearing centers of Nalchik and Baksan, the transfers are delayed. The reason for this is that a lot of time is wasted in confirming the sums and double and even triple verifications are conducted. It takes several days and sometimes a week from the moment of the dispatch until the money is transferred. But when space and local communications systems are introduced, it will take literally seconds to transfer the payment.

Yakutia Leader Rejects Separatism

MM1906115795 Moscow ROSSIYSKIYE VESTI in Russian 16 Jun 95 p 3

[Interview with Yakutia President Mikhail Nikolayev by Nikolay Belyy; place and date not given: "New Stage of Federalism. Our Correspondent Talks With President Mikhail Nikolayev of Yakutia"]

[FBIS Translated Text] [Belyy] The Sakha Republic is on the threshold of an important event. A Treaty on the Delimitation of Powers Between Russia and Yakutia, like the one concluded with Tatarstan, is expected to be signed. What, briefly, is the republic living on today — only expectation of sovereignty changes?

[Nikolayev] We are consistently traveling the path of deepening federalism, and our conviction as to the need for a bilateral agreement becomes stronger, the more firmly the republic finds its feet. I will tell you that you will find no no euphoria among us over the upcoming signing of the treaty in Moscow, which will undoubtedly be a milestone in Yakutia's history since its state legalization. People are getting on with living and working. And working well. In implementing the reforms we have managed to avoid irremediable mistakes and prevented economic collapse and social upheavals. The hardest part is behind us. The changes in citizens' mentality are obvious to the naked eye, and nostalgia for wage leveling is vanishing into the past. People have started to rely more on their own resources. Confidence in the future is strengthening.

It probably was no coincidence that UNESCO chose Yakutsk as the venue for the international scientific conference "Tolerance, Mutual Understanding, Accord."

[Belyy] Esteemed Mikhail Yefimovich, you are certain to have met with the president of Russia to discuss the treaty. What arguments did you cite in favor of it, to substantiate the need for such a step?

[Nikolayev] Our republic was one of the initiators of the conclusion of the Federation Treaty, which laid the foundations of Russia's new statehood. I believe that its signing prevented the country's breakup. The federal agreement defines the common principles of relations between the Federation and its components. But Russia's regions possess different natural conditions, economic specialization, ethnic makeup, and folk traditions. So it was important to concretize the provisions of the Federation Treaty — with regard to local conditions. We are not demanding privileges for ourselves. In our opinion, all the components of the Federation — not just republics but also krays and oblasts — have the right to conclude bilateral treaties with the center. This will help not only to resolve regional problems but also to strengthen Russia's unity. The Federation is strong through its provinces — this is the Russian style.

Yes, I have had repeatedly to convince Boris Nikolayevich of the need to conclude the treaty, which will have more of an economic bias. In addition, a special conference on this subject was held with the head of the Federal Government this spring.

Unfortunately, at the first stage of the market transformations the policy of curtailing production in northern regions was adopted. That shortsighted policy did great harm not just to the North but also to Russia as a whole. The situation is changing now. The governments of the Sakha Republic and the Russian Federation have jointly drawn up a program for our republic's socioeconomic development through the year 2005.

In the age of centralized planning all-Union departments built a lot of production facilities in Yakutia that they knew would make a loss, without asking its consent. Under market conditions they are doomed to be liquidated. Thousands of people who came from the "mainland" in the past have ended up out of work and been forced to return to their former places of residence. They are being paid compensation only out of the republic budget. I long ago suggested that the federal leadership grant these people the status of displaced persons, but my suggestions have not met with support. The treaty places the resolution of this problem under the joint jurisdiction of federal and republic organs of state power.

[Belyy] But what about your diamonds and gold? It is not just a popular claim that Yakutia is Russia's currency store. Does the treaty provide for legal regulation in such a delicate sphere as the possession, sale, and export of precious stones and noble metals?

[Nikolayev] Of course, no one can doubt the need for such regulation. The treaty creates a basis for concluding an agreement on this question. The development of international cooperation in the Arctic and, in particular, the creation of free economic zones on the territory of

Yakutia accord with the interests not just of our republic but also of Russia as a whole.

The continental shelf of the seas which wash the coast of the Sakha Republic is rich in diverse natural resources, but no one is in a position to exploit them on his own. Therefore the treaty provides for mutually advantageous cooperation between the Federation and the republic in this matter too.

It is impossible in a brief interview to list all the arguments in favor of the treaty between Russia and the Sakha Republic, but from what I have said you can easily be convinced of the need to conclude it.

[Belyy] What could the treaty's signing mean in practice: separation from Russia and the destruction of the historically evolved ties or, conversely, the strengthening of these ties and the imparting of a new quality to them? If so, what kind of quality?

[Nikolayev] We are in favor of strengthening Russia's unity on the principles of genuine federalism. The Sakha Republic builds its relations with the Russian Federation on a constitutional-treaty basis. The treaty between them is concluded in fulfillment of the provision of the Russian Federation Constitution according to which "the delimitation of areas of responsibility and powers between organs of state power of the Russian Federation is effected by the present Constitution and the Federation Treaty and other treaties concerning the delimitation of areas of responsibility and powers" (Article 11, Part 3). I draw your attention to the words "and other treaties." The conclusion of the bilateral treaty will concretize the provisions of the Federation Treaty with due regard for our republic's specific conditions.

For over three centuries now the fate of Yakutia has been linked with that of Russia. It would be disastrous for us to break off the historically evolved ties. Separatism is profoundly alien to our republic's peoples. The fact that we are interested in updating these ties or, as you say, in imparting a new quality to them is a different matter. Russia is no longer a unitary state but it is not yet a fully federal one. The Russian leadership has not yet freed itself from survivals of unitarist thinking or formulated a clear-cut national and regional policy concept, and budget federalism does not exist.

[Belyy] Now about sovereignty. According to the treaty, how much does Yakutia intend to take, including its own national riches? What will the republic's multinational population and its indigenous population in particular gain from the treaty?

[Nikolayev] Let us start with the concept of "sovereignty." We understand sovereignty not as separation from Russia but as the realization of the right to self-determination of the peoples, which is recognized by international legal acts, particularly the UN Charter, and guaranteed by the Russian Federation Constitution.

Now let us talk about natural resources. Under the bilateral treaty we stipulate the volumes of purchases of precious stones and metals and the creation and use of the republic precious stones and precious metals fund, currency fund, and gold reserve.

The treaty will give the multinational people of the Sakha Republic confidence that the new Russia will not return to the policy of imperial diktat and that, consequently, what has been achieved over the past years will not be taken away. The treaty gives Sakha and small peoples further confirmation of the federal leadership's respect for their national rights. No citizen of our republic has publicly criticized the treaty.

Yakutia's multinational people have determined their own statehood, but we have primarily determined collective statehood at a higher level — that of the Russian Federation. Our republic's being a part of Russia provides hundreds of times more opportunities for genuine, and not formal, self-determination than secession. Because when we are part of Russia, we have the might and dignity of a great power behind us. We have one Russia....

Move To Oust Maritime Kray Governor Viewed

MM2006090695 Moscow IZVESTIYA in Russian
17 Jun 95 p 3

[Report by Natalya Ostrovskaya: "Maritime Kray Sails From Scandal to Scandal"]

[FBIS Translated Text] Vladivostok — All Vladivostok people (and they are not alone) can remember the special militia's "expulsion" last fall from the city administration building of the mayor Viktor Cherepkov, who did not suit the Maritime Kray authorities. Who could have thought that not much time would elapse before the question was put point-blank: "Will they remove Governor Nazdratenko from the kray administration building?"

His opponents did not dare even to dream that the ringleader in removing Nazdratenko from his post would be none other than his closest comrade and former member of the monolithic administrative team Igor Lebedinets (now chairman of the Maritime Kray Duma).

On 10 June this year Igor Petrovich (personally) received a letter signed by Anatoliy Chubays, the country's first vice premier, with an appendix of 15 pages.

This appendix was called "memorandum on some violations and abuses among top officials in the Maritime Kray administration" and was signed, in turn, by Petr Karpov, chairman of the Russian Federation Government out of town interdepartmental commission. The memorandum says: "A check has revealed a number of instances of violations by top officials of the Maritime Kray administration containing signs of negligence or abuse of their official position for selfish purposes. The main outline of the violations is expressed in providing credits (loans) for dubious firms and dubious contracts using budget funds."

The first example: "The 'Interflot' limited partnership with an incorporation capital of 1 million rubles [R] and without a single fishing vessel. In February 1993 it was registered in Moscow. But this was no more than a formality since even before in exchange for assurances of food deliveries worth $780,000 'Interflot' had acquired from the Anadyr fish plant its quotas for fishing for crab (1,400 tonnes) and Alaskan pollock (15,100 tonnes)." The quotas are a more than liquid commodity and the authors of the "memorandum" believe that "Interflot's" initial capital was cobbled together thanks to these quotas. Especially as the deliveries of food from the United States were only on paper. Then the Maritime Kray scheme becomes involved in the Moscow-Anadyr budget. On orders from the Kray administration the "Interflot" limited partnership receives $1.4 million from the kray assets and budget funds "to deliver to Maritime Kray high-quality foodstuffs at minimal prices for the poor strata of the population." Of course, the new Russian poor had no way of knowing that "their" dollars — down to the last one — had been transferred by "Interflot" to a U.S. bank. Free of charge, of course.

Substantial convertible sums — something like $3 million — in the past strengthened relations between the kray administration and the "Primorkhleboprodukt" joint-stock company. Export deliveries of grain were fulfilled only 6 percent but credit was supplied in full.

According to the interdepartmental government commission operations involving large sums in dollars were also characteristic of the kray administration's purchase of a consignment of Chinese coal through a Moscow (!) middleman — the "Tranzit" joint-stock company.

They also included in the "memorandum" the 2 billion federal rubles earmarked by the Central Bank of the Russian Federation for the development of a regional center of naval glory but dispersed among local commercial structures a long way from the center.

There is a real detective yarn flavor to the last chapter, which speaks of purchases of petroleum products. I quote: The unofficial information which has reached the commission about how under the leadership of V.M. Chechelnitskiy, chairman of the kray administration committee for fuel resources, a system has been created in the Far East for the embezzlement and smuggling abroad of petroleum products in quantities reaching tens and hundreds of thousands of tonnes requires a special check. It is notable that the budget is owed over R35 billion by the 'Primornefteprodukt' joint-stock company, whose director has fled abroad."

Igor Lebedinets decided to use the compromising material as a banner in the struggle for power in the kray. The materials of the "memorandum" were brought to the notice of the broad public at an extraordinary (14 June) session of the kray Duma. On the basis of the results of the Duma's examination of the document a draft decree was adopted whose main point was the demand for the dismissal of all deputy governors involved in one way or another in the machinations uncovered by Karpov's commission and an appeal to the Russian Federation president to remove Nazdratenko himself from his post.

They ran into a brick wall and Deputy Dudnik, angered at the decree's "cynicism" and not involved in it, submitted a proposal that the question "of the Duma chairman" be put on the agenda of the next session. So that it is entirely possible that Lebedinets has gone too far and caused himself harm. If the deputies, many of whom are heads of executive power locally, do recall Lebedinets, there will be no worthy person in the kray capable of considering the question of Mr. Nazdratenko's "expulsion" from the governor's office.

Maritime Kray Speaker Sacked by Local Duma

LD2006093495 Moscow ITAR-TASS World Service in Russian 0828 GMT 20 Jun 95

[By ITAR-TASS correspondent Vladimir Konoplitskiy]

[FBIS Translated Text] Vladivostok, 20 June — Igor Lebedinets, speaker of the Maritime Kray Duma, has been removed from his post. The decision was made as a result of a secret ballot held at today's closed sitting of the Duma. Lebedinets did not attend the sitting.

Economic Issues

Moscow To Pay All Pensions in Chechnya

LD1906190595 Moscow ITAR-TASS in English 1605 GMT 19 Jun 95

[By Lilia Kuznetsova]

[FBIS Transcribed Text] Moscow, June 19 (ITAR-TASS) — Russia's pension fund has introduced a single system of paying pensions in Chechnya, Yevgeniy Vasilyev, deputy head of the fund, told a press-conference on Monday.

At present the republic's 14 regions controlled by Russian troops have branches of the fund. Russia has paid Chechen pensioners all the benefits for the past months of this year as well as the debt of more than 300 billion roubles for 1994. It is still continuing to pay last year's debt.

Before February 1993, Chechnya received subsidies from Moscow. After the subsiding stopped, the republic did not pay pensions. At the same time, those who resided in the regions neighbouring on Dagestan, Ingushetia and the Stavropol territory received benefits.

Vasilyev said that all the pensions totalling from 160 billion to 200 billion roubles would be paid. All the Chechen pensioners, 60 thousand people residing in Chechnya and 80 thousand people living outside its territory, will receive all the benefits they are due to receive, he stressed.

Pension Fund Short of Financial Resources

LD1906170295 Moscow ITAR-TASS in English 1351 GMT 19 Jun 95

[By Liliya Kuznetsova]

[FBIS Transcribed Text] Moscow, June 19 (ITAR-TASS) — The Pension Fund of the Russian Federation has no financial resources for extraordinary 1.2-time indexation of pensions in June 1995 proposed by lawmakers, Vassiliy Barchuk, chairman of the Pension Fund of the Russian Federation, told a news conference here today.

In this connection, he said, the Fund proposed that the Russian President put a veto on this decision because of the absence of financial resources for the increase in pensions.

Already now, Vassiliy Barchuk noted, all the possibilities of the fund have been exhausted: we have not any free resources. To carry out indexation, we will need additionally one trillion roubles a month. The situation is such that only in the first four months of 1995 the budget deficit of the Pension Fund amounted to 1.3 trillion roubles, and in May grew by another one trillion. The Fund has no possibilities to cover this deficit.

Therefore, he said, if this extraordinary indexation is still made, approximately one third of pensioners residing in 60 state subsidized territories, will not be able to receive their pensions. On this ground, another ten districts of Russia will have to become state subsidized. According to the chairman of the Pension Fund, this will cause mass non-payments and delays of pensions which, in his view, must not be allowed.

It will be better for all to adhere to pensions indexation once in three months as it is envisaged by law. Then the nearest planned pensions increase by 1.15 times will be carried out by the Pension Fund from August 1995, Vassiliy Barchuk pointed out.

Foreign Debt To Be Solved by End of 1995

LD1906104695 Moscow INTERFAX in English 0911 GMT 19 Jun 95

[FBIS Transcribed Text] Moscow, June 19 (FIA-INTERFAX) — The problem of the $109-Bn [Billion] debt to the official and commercial creditors, which was inherited by Russia after the Soviet Union's breakup, is likely to be solved by the end of the current year.

The Finance Ministry has circulated a press-release which says that the Russian Government has already concluded three multilateral agreements with the Paris Club on the restructuring of the debt which was to be repaid in 1992-95. Out of the total debt of $38.7 billion which Russia owes the Paris Club, $27 billion (70%) has been restructured already. The periods of repayment vary from seven to 16 years.

During the latest talks with the Paris Club, the official creditors admitted that the former Soviet Union's foreign debt must be cardinally restructured instead of granting Russia annual postponements, which complicated the Russian Government's work on medium-term financial programs. The Paris Club agreed to cardinally restructure the Russian debt on the terms reflecting the government programs for macroeconomic stabilization.

The Finance Ministry leaders believe that the talks on the restructuring of the former Soviet Union's debt to other creditors are also successful. In their opinion, by the end of 1995 Russia will conclude an agreement with the commercial banks of the London Club, and settle relations with the supplier companies by exchanging the promissory notes for the registered bills of the Finance Ministry.

Minister for Foreign Economic Relations Oleg Davydov told INTERFAX earlier that after the conclusion of the agreements on the restructuring of the debts in 1995, the Russian government will have to repay $2.1 billion to the creditor clubs. The sum reserved in the federal budget for repaying the debts amounts to $6.4 billion.

Halt to Dollar Decline Against Ruble Urged

MM1906125995 Moscow ROSSIYSKAYA GAZETA First Edition in Russian 16 Jun 95 p 3

[Article by Aleksandr Velichenkov: "Panic Rise of Ruble"]

[FBIS Translated Text] The Moscow Interbank Currency Exchange auctions reached an all-time high for a single day's trading last Wednesday. Over $500 million were sold and the Central Bank of Russia had to buy up around $300 million of them. It seems that a major panic is beginning to grip the Russian currency market.

The characteristic feature of such a situation is that everything that some banks gain as a result of this panic will be lost by other banks. This "zero sum" game does not create or produce anything. Consequently the events in the Moscow Interbank Currency Exchange cannot have a significant or lasting impact on the economy.

The only realistic way to achieve a "serious, long-term" strengthening of the ruble [R] is to increase production, develop exports, and improve the balance of payments which is currently in the red. It goes without saying that the panic in the Moscow Interbank Currency Exchange is completely unconnected with these realities. The substantial rise in the ruble exchange rate — almost 5 percent — does not tally with the figures for the volume of production this year or with the foreign trade statistics.

But it is a fact and there must be reasons for it. There aren't very many reasons. If you compare the total currency trading figure for April-June ($9 billion-$10 billion) with the total foreign currency reserves held by the commercial banks ($10 billion-$12 billion), it immediately becomes clear that in the main it is not the banks which are selling foreign currency but their clients who are "driving" it off the foreign currency accounts and outside the Russian banking system.

The fall in the dollar exchange rate is not especially beneficial to the banks themselves because it devalues the foreign currency holdings in their total assets. This is particularly significant for those banks whose assets are predominantly held in dollars. It also seriously affects those banks which converted ruble holdings into hard currency and put them into circulation.

Two waves of "fleeing dollars" have now returned to Russia. Funds that left Russia in 1992-1993 are now flooding back. After spending quite a long time wandering forlornly through the world's financial system, these funds have now headed back to "Russia's fertile financial fields." That first wave was followed by a second — the return home of the funds which left the country during the explosion of nonpayments in the summer-fall of 1994. At that time these funds were being prepared for cash privatization, but the latter was delayed and those funds disappeared into foreign accounts in the form of dollars. The real possibility of launching cash privatization was another factor in the rapid return of those funds. It is widely accepted that over $100 billion left Russia in the past four to five years, and if you bear in mind that around $10 billion of that figure has been sold in the past 10 weeks, the scale of the dollar tidal wave is not hard to imagine.

There is a third "mini-wave" whose impact is not especially great but which has to be taken into account. Commercial firms, which are "trying to earn a living" and a few Mercedes by importing food from old unwanted stocks, are in no hurry to convert their ruble earnings into hard currency and pay for new contracts. The situation with the increase of import duties still has not stabilized, a certain element of uncertainty exists, and they find it far more reassuring to keep their rubles in ruble deposits which are now yielding 100 percent a year in hard currency.

One explanation for what has happened to the dollar exchange rate is that some international banking circles are conducting a coordinated attack on the ruble aimed at stifling Russian exports. Roughly the same explanation is used for the attack by the dollar on the Japanese yen, which has risen against the dollar by almost 50 percent in the past 18 months.

The main conclusion that can be drawn from the dollar onslaught is that Russian big business has faith in the long-term stability of government policy and is in no hurry to salt its money away outside the country but prefers to invest it here — even the forthcoming parliamentary and presidential elections hold no fears for it.

But what about a dollar that is being "made to" fall? Do you decide to let it go on falling? But for us a rate of R4500 to the dollar would be a national disaster because it would paralyze Russian exports by making them unprofitable and would devalue people's savings. So that means that the dollar's decline must be halted and the dollar should be made to "float" in line with price-led inflation.

Another reason why this is especially necessary is that the situation that has developed in our country's currency and finance market is very favorable to real currency speculators. Judge for yourself: At the beginning of April you could have exchanged $1 million for R5 billion, put them in a three-month deposit account yielding 100 percent a year or invested them in state short-term bonds at 120 percent, and at the beginning of July made R6 billion at a rate of R4500 to the dollar and a 30 percent real profit in hard currency. This fantastic profitability will be paid for from our pockets.

Another reason why the decline in the dollar must be stopped is that a plunging dollar also means a rise in the Central Bank of Russia discount rate.

Regrettable as it may seem, only an "expensive" dollar can sustain our exports, only an "expensive" dollar creates favorable conditions for investments and removes the currency and finance speculators who were quick to exploit the immediate situation.

Paramonova Denies Manipulating Ruble

MK1706072095 Moscow SEGODNYA in Russian 17 Jun 95 p 1

[Report by Andrey Grigoryev under the "Money" rubric: "Tatyana Paramonova Does Not Believe in Manipulations With Currency Exchange Rate"]

[FBIS Translated Text] Despite forecasts by certain financiers, the dollar continued its slide at the end of the week and slipped to 4,665 rubles at yesterday's trading session on the Moscow Interbank Currency Exchange. The ruble's weekly rise was 3.7 percent. This has been a record pace since the beginning of May, when the ruble reversed its downward slide.

Until now the lack of more or less intelligible official comments has been attributed to what was seen as a possibly coincidental and short-term nature of this process. The Central Bank's stance boiled down to "a broadening in the permissible band of exchange rate fluctuations." Such arguments, however, can hardly account for an acceleration in the exchange rate dynamics over the past several days. Andrey Kozlov, Central Bank deputy chairman, made an "explanatory" statement on the matter yesterday: "Many countries pass through a stage of revaluing their national currency. Processes relating to the strengthening of one's national currency in conditions of a continuing growth in prices are an objective tendency. What remains to be done is just to wait patiently for the economy to 'catch up' with financial stabilization." Tatyana Paramonova, on her part, attempted to respond to allegations that she is playing for a rise in the ruble on the eve of the State Duma's approval of her candidacy. In Paramonova's view, "there is no manipulating with a national currency."

Indeed, the career and political allegations are unlikely to have any serious grounds. Such a sharp rise in the ruble has a fairly negative impact, so it can hardly be considered a Central Bank achievement. There have been numerous incidents of currency manipulations on a national scale, however, in both Russian and international practice. One of them was George Soros' spectacular play, which knocked the British pound out of the European currency system.

Union Criticizes Central Bank Policy

LD1906170095 Moscow ITAR-TASS in English 1336 GMT 19 Jun 95

[FBIS Transcribed Text] Moscow, June 19 (ITAR-TASS) — The monetary policy conducted by Russia's Central Bank that is aimed at the lowering of the dollar rate is not in keeping with the objective economic situation in the country and has an extremely negative effect on Russian exporters, says a statement of the Russian Union of Energy Exporters received by ITAR-TASS on Monday. "A panic that may arise at the exchange may result in the Central Bank's loosing control of the situation", the statement says.

The Union of Energy Exporters is of the opinion that the actions of the Central Bank do nothing to promote financial stabilisation and, quite the contrary, cause ever larger economic problems, particularly in the energy complex. Experts estimated that in the past week losses of exporters surpassed seven per cent, while the purchase power of the U.S. dollar dropped by over 40 per cent from the beginning of the year. The cost of gas and oil extraction and products of their refining went up sharply.

This state of things becomes intolerable and requires a thorough study and substantiation by persons and bodies that assumed the responsibility for pursuing this policy, the statement says. The Union of energy exporters is ready to take part in an undelayed discussion of the problem and in working out anti-crisis proposals.

Ministries Seek Half of GDP for Own Use

MM1906115195 Moscow IZVESTIYA in Russian 17 Jun 95 p 2

[Article by Irina Savvateyeva: "Budget-96: Departmental Appetites Have Grown Dozens of Times Over"]

[FBIS Translated Text] In the next few days the government will be submitting the 1996 budget policy concept to the State Duma. The basic characteristics of the main financial document will also be submitted for the legislators' verdict at the same time.

Such prompt submission of the budget to parliament inspires hope that this year it will be approved even before the beginning of the year being planned.

It is perfectly obvious, however, that the concept that has been submitted will spark heated arguments among legislators. The entire ideology of the budget proceeds from the premise that the production slump will be halted and inflation successfully reduced to 1 percent in 1996. The government claims that a trend in this direction is already in evidence. But this latter argument gets a skeptical reaction from many Duma deputies.

It must be said that for the most part the architects of the budget take an extremely cautious view of the hypothesis of production growth. Vladimir Petrov, first deputy minister of finance, has noted that the upsurge will come only in the base sectors of industry, whose priority status is explained by their monopoly position in the market, their opportunity to dictate prices, and their rich export potential. In the future the situation in these sectors will be wholly and completely dependent on investment opportunities, the availability of credit, and the success of financial stabilization.

As for light industry sectors, where the slump has been particularly deep, the state intends to take the following measures, in Vladimir Petrov's words: First, import duties for analogous imported products will be raised. Second, textile industry enterprises are being given a budget loan to buy 45,000 tonnes of cotton from Uzbekistan. The calculation in the government is that the textile industry, followed by the whole of light industry, will start operating at full capacity as early as the second half of this year.

But the economic upsurges that the government is hoping for in the second half of 1996 will be impossible without successful financial stabilization. And the first deputy minister of finance sees "the main task in this field today" as reorienting the commercial banks toward operating in the production sector.

"Our banks at the beginning got used to earning large amounts of quick money solely from operations involving state short-term bonds, foreign currency, and credits," Petrov considers.

And the No. 2 danger, in Petrov's view, is the substantial rate of growth of the money supply caused by the need to support the plummeting dollar rate.

"It is growing 50 percent faster than inflation," the deputy minister noted. "Added to the seasonal expenditures which the state budget will be making in the very near future — for shipping supplies to the North and harvesting — a kind of critical mass could develop. We would be able, incidentally, to counter this mass with foreign exchange reserves and the government's net international reserves. But it would not be desirable to do this."

The Finance Ministry intends to "curb" the money supply through "active operations on the state short-term bond market" and also with the aid of federal loan bonds, while, of course, "working with the population" Petrov admits that lack of urgency in this latter sector is one of the Finance Ministry's deficiencies. His explanation of the situation is that the government originally wanted to settle what it owes the population in terms of accumulated commodity debts — "Harvest-90" checks and Union government commodity loans — in order to win back trust in itself. But to this day it has not been possible to deliver in full on everything that is owed to the population. The Finance Ministry intends to do this by the end of this year.

At the same time, in Petrov's words, preparations are being made in earnest for the issue of the first loan for the population. There were fears about doing this without issuing certificates: People would not accept them. The first securities for the population will be sent to Goznak [Main Administration for the Production of Bank Notes, Coins, and Medals] in the very near future. And next year the government intends to issue a loan for the population without certificates.

It is obvious that accumulated budget debts, which will have to be repaid sooner or later, remains a real threat to financial stabilization. As of today even last year's debts have not been paid in full, while expenditure for the first quarter of this year is only slightly more than 80-percent funded. Vladimir Petrov's explanation for this is that the government did not receive the sources for financing the budget deficit it had been expecting. First and foremost a reserve credit from the IMF.

All the indications are, however, that the Finance Ministry is now taking a calmer view of this problem: The governmnent is getting the second tranche of credit, the Paris Club has rescheduled the former Union's debts, and tax revenues have improved. The assumption is that last year's debts will be settled this month. It is also planned that this year's expenditure will be around 90-percent funded in the second quarter, with 100-percent implementation of the budget by the end of the year.

Answering an IZVESTIYA question, Vladimir Petrov commented on the situation in terms of funding Chechnya expenditure. It is already clear that the restoration work will not fit into this year's budget. The Finance Ministry has submitted to the government a proposal that Chechnya be financed as follows: part from the additional revenue, if it materializes, and part from the imposition of cuts in expenditure on other unprotected items. But if, against all expectations, the additional revenue does not materialize, the restoration will be completely funded from imposed cuts elsewhere.

The military operations, however, are being funded within the bounds of the estimates made by the ministries and departments that are carrying out these operations. So everything involving the war is hunky-dory for us: equipment to hand; fuel and lubricants provided for; food supplies likewise, both in the barracks and in the field.

Finally, one other real danger to financial stabilization next year could be the immoderate appetites of ministries and departments. An indicative detail in this respect is our sector lobbies' demands of next year's budget. According to the budget concept approved by the government, 1996 federal budget revenue will total 255 trillion, while expenditure will be of the order of 330 trillion. But after the ministries and departments have put in their applications you get revenue still of 255 trillion but expenditure of 972 trillion. Or 50 percent of gross domestic product (this year it totaled 20 percent). In other words, government departments are proposing that half the product produced in the country be distributed via the budget. Administrative agencies have distinguished themselves, as well as the "power" lobbies, who have evidently gotten the Chechnya bug. For individual ministries, according to their applications, expenditure should increase 200-300 percent.

IMF Official Praises Proposed Payment System

LD1606193495 Moscow INTERFAX in English 1827 GMT 16 Jun 95

[FBIS Transcribed Text] Moscow, June 16 (FIA-INTERFAX) — The system for enacting payments and settlements in Russian central regions proposed by the Central Bank's territorial departments and commercial banks is a high-level system which in many ways is close to international standards, Deputy Director of the IMF Department on Credit-Monetary and Currency Issues V. Sundararajan told INTERFAX's Financial Information Agency today.

Sundararajan said most payment operations in the Ryazan and Tula regions are already carried out on a "day-to-day" schedule, which corresponds to European standards. The majority of Moscow commercial banks carry out payments on the next day which satisfies the majority of stock market dealers with the exception of exchange speculators.

Nevertheless, Sundararajan said he believes that development of an inter-region system of payments and settlements will remain a pressing problem for the Russian economy. "Given mass investments into this sphere, the Central Bank will under the best circumstances manage to create a modern national system of payments in five-seven years," he went on to say.

However, Deputy Chairman of the Bank of Russia Andrey Kozlov told a press conference on the fifth sitting of the international coordinating committee on improving the payment system in Russia that Russia has already laid the foundation for a telecommunication infrastructure of payments in which all settlements between businesses will be carried out in real-time. Kozlov added that the Central Bank has assumed all expenses for developing a new payment system in the country.

"After special satellites are launched in 1995-1996 we will be able to ease tension in the system of inter-regional payments across most of Russian territory," Kozlov concluded.

Moscow, Tatar Enterprises Form Partnerships

954F2524A Moscow SEGODNYA in Russian 30 May 95 p 7

[Article by Anastasiya Naryshkina: "The First Financial-Industrial Group in the TEK Prepares for Registration. The Objectives of the Creation of the FPG Are Not Very Clear Yet"]

[FBIS Translated Text] The Mostatneft financial-industrial group includes, in addition to the Tatneft Association and the Moscow Oil Refinery on the "Moscow side," Neftekhimbank, Mosnefteprodukt, Mostransnefteprodukt (a subsidiary of Transnefteprodukt) and also the Moscow production combine for automotive service. In addition to the aforementioned, the FPG [financial-industrial group] will include several Tatar enterprises. The composition of the group will be finally approved literally today or tomorrow (on Monday a representative delegation from Tataria flew to Moscow for this purpose).

In spite of this, as usual, it is fairly difficult to obtain reliable information about the FPG that is being created. From all appearances this is because of the ceaseless disputes surrounding it and the fact that literally up to the last days many essential issues have not been resolved and the positions of the interested parties have not always coincided.

Thus from various sources SEGODNYA correspondent heard almost diametrically opposed opinions regarding the need for the MNPZ [Moscow Oil Refinery] to merge specifically with Tatneft. "Last year Tatneft provided the majority of raw material, and it was very convenient to work with this structure," we were told at the MNPZ. In the words of a specialist from the Moscow Government, the idea appeared back in December of last year when the agreement on cooperation with Tataria was being developed. Having learned that Tatneft had been dealing with the MNPZ for a long time, the developers included a point concerning their merger in the new agreement.

In the estimation of one of the experts, there is no obvious rationale for this merger—there can only be a concealed one. Tatar oil, as he noted, has water in it and is distinguished by a high sulfur content. Moreover, Tataria, which produces about 22 million tonnes of oil a year, nonetheless for various reasons (exports, the needs of petrochemical production) is not in a position to cover the need of MNPZ, which amounts to 12 million tonnes of oil a year. According to certain estimates, the plant can obtain from Tataria about 200,000 tonnes per month, or 2.4 million tonnes. Of course the refinery can purchase raw material from other producers as well. In this case it would obtain about 80 percent of the oil "on the side." This is the first hitch.

The second is that there are certain differences in the legislation of Russia and that of Tatarstan in the area of privatization. Correspondingly, there are also different methods of calculating the value of enterprises. As a result, according to an expert's report, the value of Tatneft is approximately 20 times greater than the figure that would be obtained if the Russian methods were applied for its evaluation. According to certain information, the failure of the attempt on the part of Tatneft to create an alliance with Rosneft and the Nizhnyy Novgorod plant for petroleum organic synthesis was related precisely to this difference in the method of calculating the value of the enterprises. (The SEGODNYA correspondent did not get any specific figures. Unfortunately, we did not manage to clarify the situation since Tatneft workers refused to answer questions.)

Thus if the organizers of the FPG take precisely this path, they will know that the blocks of shares contributed to the FPG by the Moscow Oil Refinery and Tatneft will be unequal. There is a certain probability that this will occur, but there are serious opponents to such an approach. There objections are based on the following: In compliance with Edicts No. 1403 of 17 November 1992 and No. 327 of 1 April 1995, federal blocks of shares in enterprises of the petroleum complex may be transferred either to the possession of the oil company or to an agent administration of the Rosneft state enterprise (which is to be transformed into a joint-stock company). Legislation does not envision any other versions. Therefore there are objections to the idea of transferring blocks of shares in the enterprises to the FPG. Opponents of this idea propose a version that is practiced in Russia in which financial-industrial groups are formed by contributing founding contributions.

The next problem that is unresolved to this day (an article is being prepared for Saturday) has to do with the form of the entry of enterprises into the FPG. In this case, if the federal blocks of shares in enterprises are turned over to an agency administration of the FPG itself, according to legislation the MNPZ will be deprived of the possibility of subsequently joining any other oil company. In the opinion of a number of officials, it would be more logical to take another path: have the MNPZ join an oil company and then the oil company could join the FPG. This is not a matter of legal nuances. In practice the MNPZ is not able to compete with oil refineries that have joined oil companies. Therefore its position, obviously, will be somewhat weakened.

The issue of the possible transfer to the Moscow Government of some of the shares in the MNPZ (this pertains to the 38 percent that are in the trust management of Rosneft) is being resolved in parallel. In the words of the deputy chief of the Department of Transportation and Communications, Aleksandr Korsak, by this means the Moscow Government is trying to coordinate the interests of the territory and the monopolies. It cannot be ruled out that Moscow and Rosneft will divide up between them the 38-percent block of shares in the MNPZ. Incidentally, both the vice president of Rosneft, Davletyarov, and Korsak are members of the plan's board of directors elected in April of this year.

Responding to the question about the reasons for Tatarstan's interest in the creation of the FPG, one of the experts made the suggestion that, in addition to selling oil, the republic is also interested in deliveries of gasoline since it does not have any of its own. But the assumption that the MNPZ could be a supplier of gasoline seems doubtful. The refinery's capacities make it possible to satisfy the needs of Moscow and the oblast by 100 percent, but that is all. The city government makes sure that practically none of the gasoline is shipped to other regions. Thus last year of the 1,862,500 tonnes of gasoline that were produced, 1,791,100 were delivered to Moscow and Moscow Oblast (and the rest—throughout Russia). From time to time products of the MNPZ are not sufficient, and then purchases are made from other plants. In any case, most of the demand is satisfied by the MNPZ itself. The situation is not likely to change so that rivers of gasoline will flow from Kapotnya to Tatarstan. The more so since in the next few years there is to be no construction of additional capacities which would make it possible to increase the output of gasoline at the MNPZ.

New Laws Allow Priobsk Oil Deposit Development

LD1606173195 Moscow ITAR-TASS in English 1508 GMT 16 Jun 95

[By Anna Zanina]

[FBIS Transcribed Text] Moscow, June 16 (ITAR-TASS) — The Russian Law "On Property Sharing Agreements," adopted by the lower parliament chamber, removes all barriers for cooperation of the "Yukos" oil company with its foreign partners in development of the Priobsk oil deposit, "Yukos" vice-president Viktor Ivanenko said in a statement on Friday.

The Priobsk oil deposit is one of the largest in the world. Specialists estimate its resources at 700 million tonnes. The profit received from implementation of the project is expected to make 60-65 billion US dollars.

According to expert evaluations, the oil reserves of "Yukos" company, uniting "Yukanskneftegaz," processing plants in Samara, and a number of other enterprises in eight regions of Central Russia, amount to some three billion tonnes.

International Affairs

Kuchma Condemns 'Terrorist Actions' in Budennovsk

LD1906184295 Moscow INTERFAX in English 1652 GMT 19 Jun 95

[From the "Presidential Bulletin" feature: compiled by Nikolay Zherebtsov and Andrey Petrovskiy; edited by Valdimir Shishlin]

[FBIS Transcribed Text] President Leonid Kuchma deplored the terrorist activities in Budennovsk and expressed condolences to the families of people killed there.

In a talk with members of the Russian delegation marking the 70th anniversary of the Artek children's camp he said that the Budennovsk events will make an impact on ethnic relations in Russia.

Kuchma emphasized that nobody should ever use force.

Ukrainian Defense Minister Valeriy Shmarov described in Kiev Saturday the hostage taking in Budennovsk as a hideous act.

The statement signed at the Sochi summit to the effect that Crimea is an integral part of Ukraine ended the Crimean issue, Leonid Kuchma told journalists in Artek.

Nobody infringes on Crimea's autonomy and this should be the guideline for the activities of all political groups in Ukraine, Russia and Crimea, he said and expressed satisfaction with the situation in Crimea.

Kuchma believed that the Crimean parliament should concentrate on the setting up of the essential legislative framework.

Speaking at the show on the 70th anniversary of Artek Kuchma said that the camp should remain an international health resort. He recalled that a total of one million children from 120 countries had stayed in Artek.

In Kuchma's words, Artek reminds everybody that the CIS member nations have "a history of common moral values. Now they have common economic problems and are building civilized states. To resolve them and provide dignified life for their people, their friendly and equal relations have to be consolidated."

Kuchma added that Ukraine has no intention to divide the common history. He said that friendship must help all CIS member states.

He toured the Artek area, met with the children there and gave medals to seven camp personnel. Kuchma gave a hydrofoil boat to Artek as a gift.

Official delegations, from Russia under Deputy Prime Minister Yuriy Yarovoiy, from Belarus under Deputy Prime Minister Vladimir Rusakevich, from Kazakhstan under Youth and Sports Minister Birghanym Aytimova and from Moldova, Georgia, Azerbaijan and Armenia attended the celebration.

Terms of Black Sea Fleet Accord Assessed

WS1906112595 Kiev VYBIR in English 0745 GMT 19 Jun 95

[Commentary by Viktor Tkachuk: "Black Sea Division: An Even Break or a Shattering Fiasco?"; from the "Ukrainian News feature"]

[FBIS Transcribed Text] Within a month Ukraine and Russia will sign a treaty finally dividing the property of the Black Sea Fleet. The prime ministers of both countries were instructed to prepare the necessary documents after the Sochi summit. The Defense Ministries will also submit lists of warships and ground facilities. Such a grandiose peaceful division of a navy is unmatched in world history, and it will be accomplished in the following month. However, this happy end would have been impossible if the Agreement on the Division of the Black Sea Navy had not been signed in Sochi on June 9.

Says Volodymyr Horbulin, secretary of the National Security Council of Ukraine: "The Black Sea Fleet shall be divided fifty-fifty. Ukraine, however, will receive only 18.3 percent of the warships. The rest of its share, 31.1 percent, will be sold to Russia. The proceeds will be used to pay Ukraine's national debt to Russia".

Until now Ukraine financed the fleet's ground services, while Russia took care of the payrolls. Nominally, the fleet had two Commanders in Chief, from both countries. In reality, Russia was in command. It was especially evident during the Georgian-Abkhaz military conflict, when Admiral Kasatonov dispatched a whole squadron, without even notifying the Ukrainian command. Russia paid Ukraine nothing for accommodating its fleet in the Ukrainian territory. In terms of pay it was better to serve in the Russian part of the Black Sea Fleet. Converted into karbovantsi, the average officer's pay in rubles increases 30-fold to 35-fold, which is high enough, comparing the domestic Ukrainian prices to the Russian market.

Volodymyr Horbulin is convinced that this situation will finally end. "We have a fleet now which belongs to a foreign country, and that country will lease a part of the Sevastopol naval base," he says. And yet the agreement does not mention any lease transactions. Article 2 thereof merely specifies the location of the

Black Sea Naval Headquarters: Sevastopol. "For three years on end the Russian side has avoided the term 'lease' when discussing the deployment of its Black Sea Fleet in the Ukrainian territory," says Borys Tarasyuk, first deputy minister of foreign affairs. Probably the notion of lease was not included in the subject of the June 9 agreement, in which case the most heated debates on leasing the naval base and paying for it are still to be heard.

According to Volodymyr Horbulin, the sums Russia must pay for leasing Ukrainian naval bases have been tentatively determined, but this is classified information, until rental charges are finally ascertained. Borys Tarasyuk is more specific: "Expert estimates show that the rental charges Russia will pay will enable Ukraine to cover almost all spendings on energy resources exported from that country."

If what Mr. Tarasyuk says is true, he must be talking about hundreds of millions of dollars a year, because this is how much Ukraine pays Russia for energy supplies. But how many projects will it take to receive that much hard cash? The agreement has no direct answer to this direct question. Instead, it offers a smooth formulation: "The Black Sea Fleet of the Russian Federation shall make use of facilities of the Black Sea Fleet at the city of Sevastopol, and at other naval bases, and of sites of deployment of warships, aircraft, ground forces, operative, engineer support and rear supplies facilities in the Crimea."

In other words, there is only one limitation, Ukraine's autonomous territory of the Crimea. The well-known Black Sea naval bases on the Crimean peninsula are: Balaklava, Yevpatoriya, Kacha, and Kerch. A closer look at the map of Ukraine shows that these bases are located alongside the entire southern Crimean coast. If Russian naval units are deployed at all these places, the military presence of Ukraine's northern neighbor will be rather tangible. Outside the peninsula Black Sea naval bases are found in the cities of Ochakiv and Mykolayiv, but the Russians no longer lay claims to them.

Previously, their attitude was different. Even at the beginning of this year, after talks held behind closed doors, this author learned from reliable sources that the Russian Federation's envoys wanted possession of all naval bases, in and outside the Crimea. Half a year of intensive negotiations proved fruitful for Ukraine. Now the Russian Fleet will be based only on the peninsula. But even so the Crimea will be literally occupied by military units from the neighboring country (and these units are capable of using tactical nuclear weapons, too).

Ukraine, it seems, is shedding its status as a non-bloc and nuclear-free power. At least, after recognizing the Russian status of the Black Sea Fleet, it will be less neutral than previously. There is by far less danger to Ukraine's neutrality in joining NATO's Partnership for Peace Program than there is in the deployment of a naval force of an aggressively-minded Russia in its territory. The impression becomes even stronger after Mr. Horbulin's words that the Ukrainian Fleet and the Russian Black Sea Fleet will cooperate as naval forces of countries whose relations will be based on strategic partnership. Elaborating on the idea, the National Defense Council secretary said: "It is hard to predict the future, but it is a known fact that Turkey is actively modernizing its fleet and increasing its combat effectiveness." The interesting thing about this sensational statement is that Mr. Horbulin echoes the reasoning of the Russian "hawks". The Russian right-wingers also refer to the "Turkish threat" in explaining the need to have a huge Russian Black Sea Fleet. Considering Ukraine's active diplomatic efforts in achieving a rapprochement with the North Atlantic Alliance, Mr. Horbulin's unexpected posture indicates the absence of unanimity of views on the matter among the Ukrainian political leaders. The fact remains that Turkey is a NATO country located closest to Ukraine, and Ukraine wants to become a NATO partner, the sooner the better.

The reaction in Kiev to the agreement signed in Sochi is quite interesting, compared to that in Russia. Kiev thinks the greatest accomplishment of the Ukrainian side was legally sealing the division of the Black Sea Fleet. As a matter of fact, this was not a heavy blow dealt to Moscow. Experts have estimated that this huge naval force on the Black Sea mostly consists of outdated combat vessels with questionable battle-worthiness. Maintaining it in full strength calls for staggering expenditures. By sharing some of this "floating scrap metal" with Ukraine, the Russians will rid themselves of some of their financial problems.

By and large, this agreement leaves Russia under no obligations. It receives three times as many warships as Ukraine. As for the freedom of the naval officers to choose where to serve, it is likely to serve the benefit of Russia, due to economic factors. Pursuant to this agreement, Russia will be legally entitled to keep a very big military contingent in the Crimea, within the Ukrainian territory. The remaining officers will keep their families, which amounts to some 120,000 persons. Their status remains undetermined, but Russia demands that they be given Russian citizenship, or at least dual citizenship. To Ukraine, the situation which is taking shape in Crimea following the fleet's division, becomes directly the opposite of that in the Baltic region. Russian naval forces had to be withdrawn from

Lithuania and Estonia. In Crimea, a Russian fleet is actually being created. "I'm positive that Yeltsin will visit Ukraine to sign the final treaty dividing the Black Sea Fleet," Volodymyr Horbulin assured media people. Well, if this happens, the last formal obstacle in the way of signing the Ukrainian-Russian Friendship and Cooperation Treaty will be removed. Actually, few in Ukraine doubt that Yeltsin will indeed come to Ukraine and sign it, after striking the Black Sea Fleet bargain, leaving Russia at a benefit. Mr. Horbulin further thinks that reaching the Sochi agreement was an "even break." The question remains, however, will this not leave Ukraine out of the Top States League?

Kiev Said To Have Slashed Gas Debt to Russia

LD1906194595 Moscow INTERFAX in English 1805 GMT 19 Jun 95

["INTERFAX-UKRAINE" news item]

[FBIS Transcribed Text] KIEV, June 19 (INTERFAX-UKRAINE) — Over the first two weeks of June Ukraine was able to seriously cut its debt to Russia for this year's imports of natural gas from $429 million to $405 million, according to the former Soviet republic's Ukrgazprom state gas company.

Ukraine managed to achieve this by providing Russia with money, goods and services to a total of $98.5 million, an Ukrgazprom executive told Interfax - Ukraine.

Ukrgazprom transferred to the Russian gas monopoly Gazprom hard currency to a sum of $65.9 million, built for Russia housing worth about $1.1 million, supplied the neighboring country with goods to a total of $3.1 million and rendered it services that cost $28.4 million.

Between June 1 and June 14 Ukraine consumed 1.5 billion cubic meters of gas to a sum of $74.4 million. What the country consumed between January 1 and June 1 was 25.4 billion cubic meters and cost $1.27 billion.

Between January 1 and June 1 Ukraine paid Russia hard currency to a sum of $280 million, exported to it goods worth $26.4 million, built housing for it and provided transportation services for its gas to a sum of $330 million.

All told, Ukraine has paid for between 65% and 70% of the Russian gas it has consumed this year.

The Ukrgazprom executive said this had became possible because Ukrainian consumers paid for their gas more accurately in the second quarter than they had done before. While in the first quarter they paid only 15.8% of the cost of the gas they had received, in April they brought the figure to 33.8% and in May to 53%. The country's industry has lately been paying 48% of the cost of the gas it has received.

From April to June gas consumption in Ukraine went down by 40%. The amount of gas consumed in that period was 20% to 25% down on the same period last year.

Ukraine currently consumes about 100 million cubic meters of gas, of which 40 million is produced in Ukraine and about 60 million imported.

These days all the imported gas comes from Russia. The Ukrresursy state company, which had run gas import from Turkmenistan told Ukrgazprom early this month delivery of Turkmen gas had been suspended.

More Peacekeepers Set for Former Yugoslavia

LD1906214095 Kiev UNIAR in Ukrainian 1850 GMT 19 Jun 95

[FBIS Translated Text] Kiev [no date as received] (UNIAR) — The rotation of the second Ukrainian battalion which is part of the peacekeeping operations in the former Yugoslavia comes to an end on 20 June, journalists learned at a Defense Ministry briefing.

At the United Nation's request Ukraine is prepared to send a special battalion of engineers to this "hot spot." The tentative date for redeploying it is March 1996. A special helicopter detachment is due to leave for Zagreb on 26 June 1995. It is equipped with three Mi-8 and two Mi-26 helicopters and includes 120 soldiers and officers. The detachment will be used for transport purposes.

Anatoliy Murakhovskyy, head of the Defense Ministry press center, commented on reports by some Russian mass media on the expulsion of nine officer cadets at the Sevastopol naval institute from their final year of study. According to him, the Ukrainian military leadership made the correct decision, as the cadets were in breach of the Ukrainian oath because they "had secretly signed a contract to continue their military service in Russia's armed forces."

Hryhoriy Telnyuk, deputy head of the directorate for education work, provided figures demonstrating that the number of draft dodgers fell by 21 percent, the number of thefts by 25 percent and accidents by 37 compared with the same period of 1994. However, he said that the problem of preserving the lives of servicemen has not been solved.

National Affairs

Kuchma Meets Crimean Tatars Parliament Members

LD1906190695 Moscow INTERFAX in English
1611 GMT 19 Jun 95

["INTERFAX-UKRAINE" news item]

[FBIS Transcribed Text] SEVASTOPOL, June 17 (INTERFAX-UKRAINE) — President Leonid Kuchma met Speaker of the Crimean Tatars Parliament Mustafa Dzhemilev and his Deputy Refat Chubarov shortly before flight from Sevastopol airport on Saturday. This was Kuchma's first meeting with the leader of Crimean Tatars.

Speaking afterwards, Chubarov said the Ukrainian president held out promises of considering proposals by the Tatar representatives soon. Kuchma said "this will be the subject of discussion by the next cabinet meeting".

"We asked the president for the question to be discussed by Prime Minister Yevgeny Marchuk because of the need for urgent and radical measures", Chubarov said.

Earlier, the Crimean Tatars held a series of demonstrations in Simferopol in support of demands for financing the program of repatriation of their compatriots.

Kuchma offered the Tatar leaders to "rally effort" in seeking international aid because "Ukraine is unable to go it alone."

Crimean Tatar Official Praises Kuchma Visit

LD1906123195 Kiev UNIAN in Ukrainian
0825 GMT 19 Jun 95

[FBIS Translated Text] Simferopol — In an interview to UNIAN today, Refat Chubarov, deputy head of the Majlis of Crimean Tatars, expressed his satisfaction with the meeting on 17 June between the leaders of this organization and Ukrainian President Leonid Kuchma. He said that "improving the difficult situation of Crimean Tatars is possible only with the personal involvement of the president of Ukraine."

According to Refat Chubarov, a preliminary arragement was made during the conversation that in 7-10 days, the Ukrainian Cabinet of Ministers will consider "the economic aspect related to the return of those deported."

Refat Chubarov positively appraised the position of Leonid Kuchma, who sees the problem of Crimean Tatars as the problem of the whole state as well as that of other countries. However, according to a leader of the Crimean Tatars, even "careful proposals put forward by the president to the CIS countries have been dismissed."

OSCE Commissioner Discusses Crimea in Kiev

LD1906181195 Kiev UNIAN in Ukrainian
1430 GMT 19 Jun 95

[FBIS Translated Text] Kiev — OSCE [Organization for Security and Cooperation in Europe] National Minorities Commissioner Max van der Stoel is in Kiev to discuss the settlement of Ukraine's dispute with Crimea. The OSCE supports a settlement based on Ukraine's constitutional principles of sovereignty, territorial integrity, and inviolability of borders, the Ukrainian Ministry of Foreign Affairs told UNIAN.

Van der Stoel met Ukraine's Foreign Minister Hennadiy Udovenko today. He is also due to meet Supreme Council Chairman Oleksandr Moroz, Volodymyr Stretovych, chairman of the Supreme Council Commission for Legal Policy and Court and Legal Reform, Yuriy Karmazin, chairman of the parliament's ad-hoc commission for inquiry into the political and legal situation in Crimea, Crimean Supreme Council Chairman Serhiy Tsekov, Volodymyr Furkalo, head of the Ukrainian presidential administration's Foreign Policy Directorate and Volodymyr Hrynyov, the Ukrainian president's regional policy adviser.

The OSCE commissioner will end his visit on 20 June.

National Bank To Curb Dollar Circulation

MM1906121495 Moscow IZVESTIYA in Russian
3 Jun 95 p 6

[Report by Zhanna Sokolovskaya: "Circulation of Dollar Banned in Ukraine Again"]

[FBIS Translated Text] Kiev — This time the National Bank of Ukraine intends to ban the circulation only of currency in cash. It is believed that as of 20 June trade in dollars, marks, and other currencies for freely convertible currency in currency stores will end. Henceforth the prices here will only be in karbovantsy.

Unless remaining currency is banked by 19 June then the very next day enterprises will be unable to include it in their accounts. Various firms can by freely convertible currency only on the exchange.

It is only on the work of foreign tourist hotels and international transport that the "dollar ban" proposed by the National Bank will have no influence.

The National Bank's "anticurrency" measures have made Ukrainian economists and ordinary citizens extremely angry. Indeed, the former and the latter do not believe the national bank's action will be successful. The first attempt — in February — to ban the dollar in Ukraine failed. No success is expected of the second attempt either.

Belarus

Lukashenka on Official Visit to St. Petersburg

LD1906191895 Moscow INTERFAX in English
1529 GMT 19 Jun 95

[From the "Presidential Bulletin" feature: compiled by Nikolay Zherebtsov, Andrey Petrovskiy, edited by Vladimir Shishlin]

[FBIS Transcribed Text] President Alyaksandr Lukashenka arrived in St. Petersburg Monday.

He was welcomed in the airport by Leningrad Region Governor Aleksandr Belyakov and St. Petersburg Mayor Anatoliy Sobchak who had invited Lukashenka to the city.

Lukashenka expressed the hope that the economic and cultural links which, in his words, had "unfortunately broke as the former USSR disintegrated" will be restored.

He will stay in the city for two days during which he will meet with St. Petersburg industrialists and businessmen, visit the Piskaryovskoye cemetery memorial and hold talks with Sobchak.

An agreement on cooperation between Belarus and St. Petersburg is expected to be signed.

Presidential Services Sign Cooperation Agreement

WS2006103095 Minsk BELAPAN in English
0730 GMT 20 Jun 95

[FBIS Transcribed Text] A Memorandum on Cooperation has been signed between the Control Board of the President of the Russian Federation and the Control Service of the Presidential Administration of the Republic of Belarus. The signing of the memorandum was the main result of a day's visit of a Russian delegation led by the chief of the Control Board of the Russian President Vladimir Zaytsev.

The document envisages joint activity of the departments in the territory of the two states (control of the financial and economic activity of enterprises and organizations, various inspections, etc.), as well as the exchange of relevant information, personnel, and the rendering of consultative aid.

Elektramash Workers Protest, Demand Wages

WS2006083595 Minsk BELAPAN in English
0730 GMT 20 Jun 95

[FBIS Transcribed Text] On 19 June a rally of protest took place in the Elektramash factory of the Planar Concern. The workers protested against the non-observance of the collective agreement by the administration and the ill-timed payment of wages. According to information received, the mass meeting ended in the passing of a resolution in which the payment of the May wages no later than June 21 was demanded from the administration (if this demand is not complied with, it was decided to go on a three-hour warning strike). The workers also resolved to call upon all enterprises of radioelectronic industry at which wages are not paid to second the action. In addition, the participants of the rally demanded that the government should grant wages the status of a top priority payment.

On the same day, representatives of the labor collective held negotiations with the managers of the Planar Concern who promised that the May wages would be paid no later than June 26. The workers agreed with this date.

Center Provides Statistics on Unemployment

WS2006084295 Minsk BELAPAN in English
0730 GMT 20 Jun 95

[FBIS Transcribed Text] As the Republican Employment Center reports, 70,000 of unemployed had been registered by the beginning of this year. Of them 31,000 were provided with a job and more than 7,000 were given retraining opportunities. The level of unemployment in the Republic is 1.98 percent. The highest level of unemployment is in the Minsk region — 2.6 percent. As for vacancies in the country, on 1 June they totaled 19,634, six persons apply for one place on average. Women still comprise the greater part of those unemployed: Their number is 62.1 percent of the general unemployment level. At the same time, the number of unemployed women with education is rising slower: 37.4 percent this year against 42.8 percent last year.

Experts expect that the problem of unemployment will become more acute in the near future as the situation in the industry is becoming worse.

Moldova

General Yevnevich To Take Over 14th Army

LD1906185695 Moscow INTERFAX in English
1639 GMT 19 Jun 95

[FBIS Transcribed Text] MOSCOW, June 19 (INTERFAX) — Major-General Valeriy Yevnevich left for Tiraspol this afternoon to continue taking over the responsibilities of former commander of the Russian 14th Army in the Transdniester Region, Lieutenant-General Aleksandr Lebed, a Russian Defense Ministry officer told INTERFAX.

He said Yevnevich was accompanied by the Russian Armed Forces' Chief Military Inspector, General Konstantin Kobets.

The officer said that Kobets had arranged with Ukraine the use of the Ukrainian military aerodrome in Liman (about 40 kilometers from Tiraspol) for landing.

The officer explained that Kobets was afraid that representatives of the Committee of Women for Defense of the Transdniester Region would again seal off the aerodrome in Tiraspol.

Last week Transdniester women blocked the aerodrome's runaway when Yevnevich and First Deputy Commander of the Ground Troops, Colonel-General Anatoliy Golovnev were heading for the Transdniester Region to inform Lebed of his dismissal.

The officer said that in Moscow Yevnevich was settling some problems raised by the 14th Army's servicemen at a meeting with him in Tiraspol.

The officer said Yevnevich would begin commanding the 14th Army only after he took over all the responsibilities of General Lebed and after the taking over and his appointment were confirmed by the supreme military command, i.e. the Defense Ministry.

In line with the order from Russian Defense Minister Pavel Grachev, the 14th Army's staff would be reorganized into a rapid-reaction force of Russian troops in the Transdniester Region from July 1, 1995. The department will be headed by Valery Yevnevich.

Biography of New Commander

LD1606232695 Moscow ITAR-TASS World Service in Russian 1104 GMT 16 Jun 95

[FBIS Summary] Moscow, 16 Jun (ITAR-TASS) — Major General Valeriy Gennadyevich Yevnevich has been appointed by a Russian presidential decree as the new head of the operational group in command of the Russian forces in the Dniester region.

He was born in Batumi on 2 September 1951. He is a Russian by origin and has served in the armed forces since 1968.

Yevnevich graduated from the Ryazan Higher Airborne Command College in 1972, continued his education at the Frunze Military Academy in 1983, and graduated from General Staff Military Academy in 1992.

He was made a general in 1993.

In June 1992 Yevnevich was appointed commander of the Guards Taman Division. At the end of 1993 he became one of the first Heroes of the Russian Federation and in May 1995 Major General Yevnevich was appointed first deputy commander of a Guards Army.

Valeriy Yevnevich is married and has two sons.

Yevnevich 'Not Bothered' by Pro-Lebed Pickets

LD1906222295 Moscow ITAR-TASS World Service in Russian 1718 GMT 19 Jun 95

[By ITAR-TASS correspondent Anatoliy Yurkin]

[FBIS Translated Text] Tiraspol, 19 Jun (ITAR-TASS) — "I am not bothered about the behavior of Aleksandr Lebed's circle," Major General Valeriy Yevnevich said in an interview for ITAR-TASS today, commenting on the pickets demanding "Bring Lebed back to the army" that met him in Tiraspol.

"My flight to Moscow from Tiraspol for the weekend was connected with solving a number of service matters at defense minister level; in particular, the problem regarding the tariff network has been settled," Valeriy Yevnevich said. Now, he said, "all officers will receive a monetary allowance at the old level, and there will also be no repressive measures in relation to those who have infringed military regulations by carrying out Aleksandr Lebed's order."

We recall that divisional commander Major General Yuriy Popov called upon the officers of the unit to declare a hunger strike and to continue with it until the Russian president annulled his decision to discharge General Lebed to the reserve. Meanwhile, no one has tried to stop the army commander from serving and, moreover, as Army General Konstantin Kobets today told an ITAR-TASS correspondent, he personally offered him the post of colonel general in the Main Military Inspectorate of the Defense Ministry. Aleksandr Lebed turned down this offer.

The events of the last few days have left their mark on Valeriy Yevnevich's military service. His candidature was examined at a Defense ministry Collegium and he faced the prospect of occupying the post of commander of a detached guard's army. However, following Aleksandr Lebed's report, his statements and demarche, the future army commander Valeriy Yevnevich was given an appointment a rank lower in Tiraspol. At the present time, according to Army General Konstantin Kobets, Aleksandr Lebed is showing a lack of tact in relation to Valeriy Yevnevich, "which does him no credit as a graduate of the Ryazan College and a future politician."

"The start of Aleksandr Lebed's service in Tiraspol was not easy. Unfortunately, he is now using the same methods toward me," Major General Valeriy Yevnevich said.

General Lebed on Situation in 14th Army

LD1906115995 Moscow ITAR-TASS in English 1143 GMT 19 Jun 95

[By Valeriy Demidetskiy]

[FBIS Transcribed Text] CHISINAU, June 19 (ITAR-TASS) — A commission headed by the Chief army inspector of the Russian Federation, Army General Konstantin Kobets arrived in Tirasapol, Moldova today to look into the situation that arose in Russia's 14th army stationed there in the wake of the resignation of its commander Lieutenant General Aleksandr Lebed, who is still commanding the army ahead of the takeover.

General Aleksandr Lebed earlier received the order recognizing his resignation and expressing gratitude for the past services as the army commander. But Major-General Valeriy Yevnevich appointed to replace Gen Lebed "has not yet taken the reins in his hands, and I have not ceded them to him," Aleksandr Lebed said.

He again expressed concern about the threat of pillaging the huge stockpiles of weapons amassed in the area while the Dniester conflict remains unsettled. General Lebed was referring to a conflict between the local government of the Dniester region and Moldova's central government in Chisinau over the degree of autonomy granted to the region. Earlier the dispute erupted in armed clashes. Local inhabitants are against General Aleksandr Lebed's resignation, and made their stance perfectly clear by blockading the newly appointed army commander in the local hotel and preventing him from taking over as the army commander.

Lebed To Leave for Moscow Soon

LD1906193595 Moscow ITAR-TASS in English 1920 GMT 19 Jun 95

[By Anatoliy Yurkin]

[FBIS Transcribed Text] TIRASPOL, June 19 (ITAR-TASS) — "Within the next few days documents will be prepared and lieutenant-general in reserve Aleksandr Lebed will leave for Moscow to the place of his permanent residence," general of the army Konstantin Kobets, deputy Defense minister and chief military inspector, stated at a meeting with officers of the army staff here today.

Konstantin Kobets heads a delegation which arrived in Tiraspol to settle some complexities that arose in connection with the restructuring of the 14th army and the change of its command.

Together with the delegation of the Defense ministry of the Russian Federation, Major-General Valeriy Yevnevich also flew to Tiraspol. A few days ago he was compelled to return to Moscow from the Dniester region in connection with the impossibility to carry out his new duties of the commander of the 14th army because of protests by local residents.

Konstantin Kobets told the meeting that to all appearances he would not draw up an inventory of the 14th army. "An inventory of the army must be taken. But as such an inspection was carried out not long ago, it is possible not to make an inventory," he pointed out.

Today's trip by the delegation to Tiraspol was rather difficult. Due to some anonymous telephone calls to the Tiraspol Interior department with the threat to shoot down the delegation's military aircraft if it tries to land in Tiraspol, the delegation was forced to reach the place of destination through Ukraine.

Tight security measures were taken in the Tiraspol military airport and the city: snipers were placed and traffic was closed. There were no obstacle on the take-off and landing runway, but picketers met the group of the Russian Defense ministry and journalists near the headquarters. They demanded the return of Aleksandr Lebed to the 14th army.

Division Commander Threatens Hunger Strike

LD1906194295 Moscow INTERFAX in English 1821 GMT 19 Jun 95

[FBIS Transcribed Text] TIRASPOL, June 19 (INTERFAX) — Commander of the 59th Division, Major-General Yuriy Popov, declared a hunger strike today to protest the Russian Defense Ministry's decision to dismiss Lieutenant-General Aleksandr Lebed as the 14th Army's commander.

Popov, whose division is the leading one in the 14th Army, told journalists that he wanted the law to be observed with regard to Lebed's dismissal. Popov said he also wanted to have guarantees that the officers and women protesting against Lebed's dismissal would not be victimized by the Russian military leadership and the Transdniester Region's power structures.

Other officers of the 14th Army wanted to join Popov in his action. However, Lebed prohibited them from resorting to extreme measures.

Lebed told INTERFAX in an interview that he regretted the present situation in the 14th Army.

Lebed said he had been teaching discipline to officers and soldiers for three years. "They are in extreme circumstances and discipline is absolutely important," he added.

Lebed accused the Defense Ministry of wrecking discipline.

In the meanwhile, according to reports from Tiraspol, the situation in the 14th Army's units remains complicated. Officers unanimously spoke against the dismissal of Lebed. Their position has not changed since then. On Friday officers asked all servicemen of the Russian Armed Forces for support.

Defense Ministry Inspects 14th Army Headquarters

LD2006101395 Moscow ITAR-TASS in English 0827 GMT 20 Jun 95

[By Anatoliy Yurkin]

[FBIS Transcribed Text] Tiraspol, Dniester region of Moldova June 20 (ITAR-TASS) — A group of the Russian Defence Ministry continues on Tuesday inspection work in Tiraspol, the capital of the self-proclaimed Dniester Republic seeking independence from Moldova, where the headquarters of the 14th Russian Army is situated.

The head of the group, General of the Army Konstantin Kobets, Russian Deputy Defence Minister, said in an interview with ITAR-TASS today that the group plans to meet senior and junior officers of Russian troops in the Dniester area.

The general plans to talk with representatives from local Cossacks as well as with members of servicemen's families. "We have no secrets, and we conduct an open conversation with all who have questions," Kobets stressed.

The general has quite a number of questions to answer. Some of them have nothing to do with a directive of the Russian General Staff to reform the 14th army.

Their essence boils down to two agitating issues: who will protect citizens of the Russian Federation in the Dniester area and will not this area turn into a new Baltic region (after a withdrawal of Russian troops) where people are divided according to their nationality origin?

The military, including high-ranking officers, have no answers to these questions. Kobets said in a conversation with women on Monday that there will be a consular section in Tiraspol. It will be responsible for protecting Russian citizens and settling their problems.

However, many people, worried over their future, are not satisfied with such a reply.

In the meantime, retired Lieutenant-General Aleksandr Lebed (who recently commanded the 14th army) will meet representatives from the Congress of Russian Communities in Tiraspol today.

Uzbekistan

Ukrainian President Arrives on Visit 20 Jun

*LD2006092695 Kiev UNIAN in Ukrainian
0850 GMT 20 Jun 95*

[FBIS Translated Text] Kiev — Ukrainian President Leonid Kuchma arrived in Uzbekistan on 20 June for a two-day official visit. During the visit, he is expected to have a one-to-one conversation with Uzbek President Islam Karimov. The two presidents will also sign several intergovernmental agreements and hold a news conference.

According to Ukraine's presidential administration, about 10 bilateral documents will be signed, including a declaration on efforts to deepen economic integration between Uzbekistan and Ukraine, a treaty on the development of economic integration, and a number of agreements between sectors of industry.

The Ukrainian delegation will visit Samarkand on 21 June.

Ukraine and Uzbekistan are currently bound by 30 bilateral acts.

Kuchma To Sign 11 Accords

*LD1906192195 Moscow INTERFAX in English
1529 GMT 19 Jun 95*

[From the "Presidential Bulletin" feature: compiled by Nikoilay Zherebtsov, Andrey Petrovskiy, edited by Vladimir Shishlin]

[FBIS Transcribed Text] 11 interstate accords are expected to be signed during a two day visit to Uzbekistan by Ukraine's President Leonid Kuchma, starting June 20.

These documents include a declaration on closer bilateral cooperation and a treaty on more economic integration between the two countries.

The delegations will also sign agreements on cooperation in science, education, tourism, sports, health service and an accord on fighting crime together. A treaty prohibiting dual citizenship for residents of Uzbekistan and Ukraine will also be signed.

Kuchma will meet representatives of Ukraine's diaspora in Uzbekistan, where about 300,000 Ukrainians reside.

On June 21, the heads of Uzbekistan and Ukraine will travel to Samarkand to see its historical and cultural sites.

According to a press service representative, Uzbekistan is interested in using Ukrainian ports for exporting its goods to foreign countries. Ukraine, for its part, is interested in Uzbek gas, cotton, and copper.

Illegal Turkish Immigration Via Tashkent Halted

*LD1606163195 Moscow INTERFAX in English
1039 GMT 16 Jun 95*

[FBIS Transcribed Text] TASHKENT, June 16 (Interfax) — Uzbekistan's law enforcers have cut off an illegal channel of immigration to Britain through Tashkent used by Turkish nationals.

As Interfax learned from Tashkent's regional court Friday, the forwarding of Turks to London bypassing legislation was carried out by a criminal group which included Police Major Eduard Tkhozhevskiy, Tashkent resident Rashid Gasumov and two Turks — brothers Arif and Mehmet Eraslans.

The crooks used Greek, Dutch, Polish, French, Swedish and Canadian passports bought in the black market. They replaced photographs and put in false seals, which made it possible for illegal immigrants to obtain exit visas.

Uzbekistan's security service put an end to the activity of the criminal group, and eight Turks with false passports had to leave a plane destined for London.

The swindlers were brought to trial. Tkhozhevsky was sentenced to 14 years in prison, and Gasumov to 10. The foreigners who had abused Uzbekistan's legislation were sentenced to various jail terms.

According to Uzbekistan's law enforcers, last year 128 foreigners were warned against the failure to observe the norms of staying in the republic, 238 were deported from Uzbekistan, 1778 were fined, and 5 brought to trial.

Armenia

Positions Come Under Fire From Azerbaijan

NC1906200595 Yerevan Radio Yerevan International Service in Armenian 1800 GMT 19 Jun 95

[FBIS Translated Text] The Armenian Defense Ministry press service reports that border incidents occurred in the northeastern section of the Armenian-Azerbaijani border on the last two days of last week. Azerbaijani Army units fired on the defensive positions of Verin-Champarak and Nerkin-Champarak in Krasnoselsk using heavy machine guns and various other firearms between 2200 and 2330 on 17 June. They fired on the defensive positions of Bergaber in Ijevan between 1815-1830, and of Chinari in Tavush between 1845 and 2025 on 18 June with heavy machine guns. There were no casualties or physical damage.

Armenian Army units forced the enemy to stop firing.

The situation along the rest of the Armenian-Azerbaijani border has been calm since last night.

No cease-fire violations were observed on any front in Karabakh, according to the Press and Information Department of the Nagorno-Karabakh Republic.

Russian Prime Minister Postpones Visit

NC1906175495 Yerevan SNARK in English 1059 GMT 19 Jun 95

[FBIS Transcribed Text] Moscow, June 19 (SNARK) — Russian Prime Minister Viktor Chernomyrdin's June 19 visit has been postponed indefinitely. The Press Office of the Russian Government informed SNARK that the delay is caused by the tense situation in Budennovsk.

Opposition Gives 'Ultimatum' on Election Procedure

NC1906181795 Yerevan NOYAN TAPAN in English 0958 GMT 19 Jun 95

[FBIS Transcribed Text] Yerevan, 19 June (NOYAN TAPAN) — On June 16, a regular rally organized by 10 opposition parties of Armenia took place in Yerevan. 15,000 people participated in the rally. Vazgen Manukian (National-Democratic Union), Vahan Hovhannesian (ARF [Armenian Revolutionary Federation]-Dashnaktsutyun), Ashot Manucharian (Scientific-Industrial and Civil Union), Aram Sargisian (Democratic Party), Albert Bagdasarian (National Progress) and a representative of the personnel of the Armenian Airlines, Captain Hovhannes Mirijanian delivered speeches at the rally.

On behalf of the pre-election "Cooperation for the sake of justice" bloc of the 10 opposition parties former Prime-Minister of Armenia Vazgen Manukian made public the text of the ultimatum addressed to the Central Electoral Commission on deputy elections to the National Assembly:

1. In the course of 5 days to register those candidates and parties which were refused registering;

2. To postpone the elections date in order to enable the newly registered to participate fully in the pre-election campaign.

The authorities were offered to answer till June 20. Otherwise, the opposition intends to demand the President's resignation. Vazgen Manukian recommended that the participants of the rally come on June 20 at the Independence Square "with bread and cheese" because the authorities' answer may be dragged on. He also stated that the current authorities would be in any case removed either by means of elections or other way.

Some 10,000 people held a procession at the Yerevan central streets shouting on the resignation of the Armenian President.

Azerbaijan

Power Supply to Nakhichevan Resumes After Talks

NC1606185995 Baku Azerbaycan Radio Televiziyasi Television Network in Azeri 1600 GMT 16 Jun 95

[FBIS Translated Text] A delegation headed by Yashar Aliyev, deputy chairman of the Azerbaijani Supreme Soviet, made an official visit to Iran. The deputy speaker of the parliament held a news conference today for reporters.

[Begin recording] [Off-screen reporter] Yashar Aliyev briefed journalists on the issues discussed with Iranian President Rafsanjani, Parliament Speaker Nuri, co-chairman of the joint Azerbaijani-Iranian commission (?Shafai), Energy Minister Zangeneh, and Economy Minister (?Rasemi) during his 10-14 June visit.

Stressing the need to implement the documents signed to date to develop interstate relations, Yashar Aliyev said that an agreement was reached with the neighboring country on the concrete issues. The sides agreed on the joint construction of the $7-million-dollar Astara bridge and on a cement factory in Nakhichevan that will have an annual output of 200,000 tons.

A protocol was signed on aid to Nakhichevan during the meeting with the governor of Tabriz (?Abdulalizadeh). The reporters were also told that after the 58-day suspension of power supplies to Nakhichevan from the neighboring country, Iran today resumed the fuel supply to the autonomous Republic.

The sides' intentions to broaden cooperation between the two countries in the economic, trade, and humanitarian areas were also discussed at the news conference. The signing of documents on customs and road transportation was also considered necessary.

Replying to questions, Yashar Aliyev said that both countries desire to develop bilateral ties, and that this cooperation covers important sectors, from the oil industry to humanitarian affairs. [end recording]

Agreement Signed on Baku-Groznyy Oil Pipeline

NC1606170095 Yerevan ARAGIL ELECTRONIC NEWS BULLETIN in English 0757 GMT 16 Jun 95

[FBIS Transcribed Text] Yerevan, June 16 ("LRAGIR" daily) — Russian Ostankino TV program reported on June 14 that an agreement about the oil pipe-line was signed in Moscow on June 14.

The agreement was signed after Russian armed forces and special services gained control over the Shatoy and Nozhay-Yurt settlements in Chechnya. This probably means that the obstacles to Baku-Groznyy pipe-line have been eliminated.

According to the declaration, the oil will flow from the Caspian sea, through Russian territory, to the port of Novorossiysk.

"LRAGIR" speculates that Russian Government has probably presented the Azeri President Geydar Aliyev with an ultimatum since the latter signed the agreement himself. There is also a possibility this is Aliyev's first agreement to be followed by further concessions of Baku, and Moscow has probably promised something in return. "LRAGIR" continues this may be related with resolution of the conflict in Mountainous Karabakh. Though it is hard to predict what sort of pressure will Moscow apply on Armenia and the RMK [Republic of Mountainous Karabakh], but it will probably be interested in keeping the RMK defense army, as long as possible, to keep the pressure over Azerbaijan.

Deputy Interior Minister Removed From Post

NC1906180395 Baku Azerbaycan Radio Televiziyasi Television Network in Azeri 1600 GMT 19 Jun 95

["Decree issued by the president of the Azerbaijani Republic" — read by announcer]

[FBIS Translated Text] Ramiz Khosrovoglu Mamedov is hereby relieved of his post of commander of the internal troops of the Interior Ministry of the Azerbaijani Republic and of his post of deputy interior minister for exhibiting passivity in the defense of the state's interests, for failing to organize the activities of the internal troops, and for other serious derelictions of duty.

[Signed] Geydar Aliyev, president of the Azerbaijani Republic

[Dated] 19 June 1995, Baku city

Deputy Remains Critical After Wounding by Police

NC1906192895 Baku TURAN in English 0924 GMT 19 Jun 95

[FBIS Transcribed Text] Nakhichevan, June 19 (TURAN)—For a day and a half People's Deputy, Shahmardan Jafarov, is in the reanimation of Nakhichevan's hospital. He has been operated. The Deputy Chief of the reanimation department told TURAN's correspondent that Jafarov's state is still bad. The physician said that within four days one can say whether he will live or not. The same source mentioned that Jafarov came to himself and now he can speak.

It should be mentioned that People's Deputy, the member of the Mejlis of Nakhichevani Autonomous Republic, Shahmardan Jafarov, was wounded badly on June 17 in the morning. The Ministry of Interior reports that his car with four more persons has been shot by the police. The reason for fire was Jafarov's insubordination to the order of the police post to stop the car. Moreover, the persons from Jafarov's car has opened the fire at the policemen first.

However, the press-centre of the PFA [People's Front of Azerbaijan] reports that the policemen have made an ambush on Jafarov and opened the fire at his car.

Georgia

Shevardnadze Begins Official Visit to Israel

LD1906094395 Tbilisi Radio Tbilisi Network in Georgian 0700 GMT 19 Jun 95

[FBIS Translated Excerpt] An official visit to Israel by Eduard Shevardnadze, chairman of the Georgian parliament and head of state, began on 18 June. According to the press center of the Georgian head of state, Israeli President Ezer Weizman and Eduard Shevardnadze met at a formal dinner yesterday, where the two heads of states delivered speeches.

Ezer Weizman said: You are a special guest for us. You are the head of a small country representing a very important region. Your country plays a significant role in solving the problems of the region and I am positive that it will further play a similar role. We appreciate your returning to your country when it suffered hardship and taking up commitments on rebuilding it. Our country is also small with a population of only 5 million, but in spite of this we endeavor to gain our place in the world community counting upon our production. Weizman spoke about major problems facing Israel, the necessity of establishing peace, and highly praised Georgian Jews residing in Israel.

In his return speech, Shevardnadze said the visit is a historic one. He added that his words were not just diplomatic etiquette. Fate has determined that our relations should be set up as relations between states, he stated. My famous compatriots have always looked to this country in order to find answers to the questions of the time. They built Jvari Monastery [in Jerusalem] and many of them have been engaged in intellectual activities here. Among them was the Georgian genius Shota Rustaveli [12th century poet], who is buried here.

I would like to bow my head before the contribution the Jewish people have made to modern civilization. Let us try and for a moment think what the world would be like without this nation. I know very well how you started your struggle and what you have achieved. We want to learn from your experience of building an independent state.

Then Mr. Shevardnadze spoke of the problems facing Georgia, including the problem of displaced persons from Abkhazia, among whom there are many Jews; economic issues in which certain improvements are now noticeable; the significance of the assistance by the world community, Russia, and the CIS to achieve peace in the region; and the significance of peace for the region as well as for Israel. [passage omitted]

Plans To Open Embassy in 1995

LD1906202195 Moscow ITAR-TASS in English 1850 GMT 19 Jun 95

[FBIS Transcribed Text] Tel Aviv, June 19 (ITAR-TASS) — Georgia will open its embassy in Israel this year, the Georgian leader said on Monday.

Eduard Shevardnadze, who is currently on his first official visit to Israel, met today with Israeli Prime Minister Yitzhaq Rabin. They signed bilateral agreements on cooperation in telecommunications, agriculture and culture.

Meets Rabin, Peres 19 Jun

LD2006104695 Moscow ITAR-TASS in English 0812 GMT 20 Jun 95

[FBIS Transcribed Text] Tel Aviv, June 20 (Itar-Tass) — "The danger of fascism will be quite real in the republics of the former USSR if they fail to build up a democratic society," Georgian Head of State Eduard Shevardnadze, who is about to complete his visit to Israel, told journalists late on Monday evening after his talks with Israeli Premier Yitzhaq Rabin and Foreign Minister Shim'on Peres.

The sides agreed during the bilateral talks to promote mutually profitable cooperation in different spheres. Shevardnadze also said that Georgia would open its embassy in Israel before the year was up. This is the Georgian leader's first official visit to Israel.

OSCE Secretary General on Official Visit

Shevardnadze, Hoenyck Discuss Abkhazia

LD1606165695 Tbilisi Radio Tbilisi Network in Georgian 1200 GMT 16 Jun 95

[FBIS Translated Text] Eduard Shevardnadze, Georgian head of state and chairman of Parliament, today received Wilhelm Hoeynck, secretary general of the Organization for Security and Cooperation in Europe [OSCE], and the officials accompanying him. Eduard Shevardnadze greeted the guests and noted the great importance which international organizations, including the OSCE, play in settling ethnic conflicts. The head of state briefed the guests on the current situation in Georgia and stressed that Georgia is on the path of recovery today.

When answering a question as to what kind of autonomy Abkhazia and Ossetia can hope for, Shevardnadze answered that according to the draft constitution presented by him, Abkhazia would have all the attributes of a state within Georgia. As for Ossetia, Shevardnadze said that the negotiations had not yet reached the stage where the status can be discussed.

Wilhelm Hoeynck thanked Shevardnadze and expressed the hope that the phase of resolving the similar issues will soon start in Georgia, and added that he is ready to participate personally in this activity.

Further on Abkhazia Talks

LD1606172295 Moscow INTERFAX in English 1318 GMT 16 Jun 95

[FBIS Transcribed Text] Tbilisi, June 16 (INTERFAX) — Abkhazia will be in the composition of single Georgia "as a federation constituent member with all the appropriate attributes of its statehood, parliament, government, etc." Head of the Georgian state Eduard Shevardnadze declared this at the meeting with the OSCE delegation in Tbilisi Friday [16 June].

During the conversation Shevardnadze pointed out that such a political status of the Republic of Abkhazia has been fixed in the draft of Georgia's Constitution which he submitted to the parliament for consideration. The document views Georgia as a federative state.

He said that the draft Constitution grants the functions of border guarding, pursuing of a single financial policy, ensuring state security, etc. To the federal center.

OSCE's Hoeynck on Chechnya Conflict

LD1606192995 Moscow INTERFAX in English 1849 GMT 16 Jun 95

[FBIS Transcribed Text] Tbilisi, June 16 (INTERFAX) — OSCE Secretary General Wilhelm Hoeynck has said the Chechen conflict must be resolved by peaceful political methods.

However, he told a press conference in Tbilisi today that "it's hard to recommend and even more to dictate to such a powerful country as Russia how to act."

Hoeynck said he believes that the OSCE's participation in settlement in Chechnya is in Russia's interests. "We have begun dialogue with Russia and we believe that it's difficult today to resolve problems by force." "Unfortunately, time is needed to resolve the conflict in Chechnya," he said.

Hoeynck heads the OSCE mission which came to Georgia two days ago to closely study the positions of the parties on settlement of the Georgian-Ossetian conflict.

In regards to the situation in Georgia Hoeynck emphasized Russia's special role in settlement of the conflict on Georgia's territory. He agreed that no other country is so ready to send peacekeeping troops to Georgia. He added that peace in Abkhazia and South Ossetia is maintained due to Russian peacekeepers.

Hoeynck quoted Georgian and South Ossetian leaders as highly praising the OSCE mission's performance in Georgia.

Ministry Denies Chechen Paramilitary Infiltration

LD1906143095 Tbilisi CONTACT INFORMATION AGENCY in Russian 1308 GMT 19 Jun 95

[FBIS Translated Text] Tbilisi — The Georgian Defense Ministry today denied reports circulated by the Russian and, later, the Georgian mass media alleging that a group of Chechen paramilitaries had penetrated Georgian territory from the North Caucasus near the Klukhori Pass and clashed with the region's ethnic Georgian population.

The Defense Ministry statement stresses that these reports are misinformation and have nothing to do with reality.

Fleet Moves Said Connected With Chechen Events

LD1906163595 Moscow INTERFAX in English 1528 GMT 19 Jun 95

[FBIS Transcribed Text] Poti (Georgia), June 19 (INTERFAX) — A grouping of Black Sea Fleet ships, including a large anti-submarine ship, the Kerch, (the flagship of the Black Sea Fleet — INTERFAX) and the large landing ship, the Olshanskiy, are moving towards the Georgian port of Poti, competent military sources told INTERFAX on Monday. The Kerch is under the flag of Black Sea Fleet commander Admiral Eduard Baltin.

In Poti he will meet with Georgian Defense Minister Vardiko Nadibaidze, Commander of the Georgian Navy Rear-Admiral Dzhavakhishvili and other officials.

Military experts believe that ship movement is connected with the Chechen events. According to unofficial sources, the Olshanskiy carries several hundred marines. If Chechen militants burst through the border with Georgia and move to the south of Georgia, the Black Sea Fleet marines could be ordered to block Georgia's main motorways, said military experts.

Security Increased in Reaction to Chechen Events

Extra Post Set Up on Border

LD1906103295 Moscow INTERFAX in English 0911 GMT 19 Jun 95

[FBIS Transcribed Text] Tbilisi, June 19 (INTERFAX) — An additional Georgian border post has been set up on the Georgian-Chechen border near the village of Shatili, says the statement by the Georgian Border Troops' press center circulated on Monday [19 June].

The document says that the situation in this region was tranquil throughout June.

It also says that on the Chechen stretch of the border, the Georgian border guards have been put into the state of increased combat readiness. Three additional border posts and a commandant's office are to be deployed here.

The commanders of the Russian border service are planning to supply the Georgian border posts with weapons, uniforms and food.

According to competent sources, this aid will not be given for free. On June 23, the Georgian government is likely to discuss this problem and make allocations to the maintenance of the additional border units.

Security Measures Taken in Tbilisi

LD1906121195 Tbilisi IPRINDA in Russian 1130 GMT 19 Jun 95

[FBIS Translated Text] Tbilisi, 19 June — The press center of the Georgian Interior Ministry reports that heads of police departments of the Kakheti and Mtskheta-Tianeti regions [bordering Chechnya] participated in a meeting held at the Georgian Interior Ministry on 19 June in connection with the Budennovsk events. The meeting, chaired by Interior Minister Lieutenant General Shota Kviraia, concluded that there is a real threat that various terrorist and subversive groups could infiltrate into Georgia. With regard to this, the police chiefs of the regions, highway police, and units of internal troops have been ordered to carry out preventive measures against the infiltration of Chechen fighters into the republic.

According to Colonel Valerian Gogolashvili, the head of the Interior Ministry press center, the police will be on alert in Tbilisi, too, especially around the facilities of vital importance, diplomatic missions, and so on.

Security Increased at Russian Embassy

LD1906140395 Moscow INTERFAX in English 1228 GMT 19 Jun 95

[FBIS Transcribed Text] Tbilisi, June 19 (INTERFAX) — Georgian Interior Minister Shota Kviraia on Monday ordered increased security for Russia's embassy, the Russian ambassador's residence and the general headquarters of Russian armed forces in Transcaucasia.

Kviraia also ordered a special security regime for other embassies and diplomatic missions in Tbilisi, as well as more thorough checks on the country's roads.

These measures are aimed at averting terrorist attacks in the wake of the current hostage crisis in southern Russia, Interior Ministry top spokesman Colonel Valerian Gogolashvili told INTERFAX.

Georgian, Iranian Provinces Sign Agreement

LD1906181495 Tbilisi Radio Tbilisi Network in Georgian 1400 GMT 19 Jun 95

[FBIS Translated Text] A delegation from the western Georgian Imereti Province, led by Temur Shashiashvili, the head of state's authorized representative, has returned from Iran. At a news conference in Kutaisi today, Shashiashvili said that the main purpose of the visit was to establish economic ties.

Members of the Imereti Province delegation visited light industry enterprises in Iran's Gilan Province and the port of Erzen [place name as heard], where an exhibition and sale of goods manufactured in Imereti Province will be held on 22 August. In September, a Gilan Province trade and cultural center will open in Kutaisi.

An agreement was signed that envisages the setting up of joint enterprises, exchange of specialists, and other important issues.

Christian Democrats Outline Policies, Strategy

LD1906144895 Tbilisi IPRINDA in Russian 1130 GMT 19 Jun 95

[FBIS Translated Text] Tbilisi, 19 June — The leaders of the Georgian Christian-Democratic Union [CDU] held a news conference in Tbilisi on 19 June. It was said that although the CDU is in the process of reorganization, its orientation and strategic course remained unchanged, that is, Europe-orientated. The journalists were told that the CDU is preparing for elections, and it does not accept the draft constitution presented by Eduard Shevardnadze.

Speaking about Russian military bases in Georgia, the participants in the news conference told the journalists that they categorically oppose the presence in Georgia of military bases of any foreign country. With regard to the Chechen conflict, the leaders of the Union said that the CDU is the first to have reported the violation of human rights in Chechnya, but at the same time, it recognizes Russia's territorial integrity.

Estonia

Vahi Departs for NATO Meeting in Germany

*WS1906093195 Tallinn ETA in English
0735 GMT 19 Jun 95*

[From "News Bulletin" No. 120/95]

[FBIS Transcribed Text] Prime Minister Tiit Vahi left for Dresden on Sunday to attend a three-day NATO meeting on political and military cooperation. Defence Minister Andrus Oovel will arrive in Dresden after a visit to France.

Conference on Integration Into Europe Opens

*LD1906195595 Moscow INTERFAX in English
1821 GMT 19 Jun 95*

[FBIS Transcribed Text] Tallinn, June 19 (INTERFAX) — The two-day international conference "Integration In Europe" opened in Tallinn Monday. The conference is auspiced by the Foreign Ministry of France, the current E.U. chairman, and that of Estonia. The conference's main subject is the legal aspects of Estonia's involvement in E.U. programs.

Estonian Vice Chancellor Priit Kolbre emphasized that Estonia highly praised the treaty on associated membership in the E.U. signed earlier this month. It regards its involvement in the organization both as a possibility to strengthen its political influence on the European process and as a means to ensure its security and economic development.

Kolbre also pointed out the importance of informing the population of all aspects of integration in European structures.

Finland Initials Accord on Illegal Immigrants

*LD1606181095 Tallinn Radio Tallinn Network
in Estonian 1500 GMT 16 Jun 95*

[FBIS Translated Text] Estonia and Finland initialled an agreement today on the procedure for returning the persons who arrive in either country illegally. According to the Estonian Foreign Ministry's press representative, the initialling of the agreement is an important step toward achieving visa-free travel between Estonia and Finland. The preliminary text of the agreement on the return of illegal persons was signed in Tallinn by Raul Malk, the Estonian Foreign Ministry's deputy chancellor, and Markus Lauren, head of the consular department of the Finnish Foreign Ministry.

The Foreign Ministry's press representative said that the agreement is expected to be signed at the end of this month, during Internal Affairs Minister Edgar Savisaar's visit to Finland.

Note Sent to Russian Embassy on Illegal Immigrants

*LD1606180995 Tallinn Radio Tallinn Network
in Estonian 1600 GMT 16 Jun 95*

[FBIS Translated Text] The Estonian Foreign Ministry today sent a note to the Russian embassy in Tallinn on the procedures pertaining to the return of illegal immigrants. In the note, the Estonian Foreign Ministry presented to the Russian embassy a draft Estonian-Russian agreement on the return of illegal immigrants. According to Mari-Ann Kelam, the Foreign Ministry's press representative, this means that now talks can begin on specifics.

Defense Force Chief on Non-Estonian Citizens

*LD1806161895 Tallinn Reklaamitelevisioon Network
in Estonian 1700 GMT 17 Jun 95*

[Quotation marks denote recorded passages]

[FBIS Translated Text] Defense Minister Andrus Oovel told Reklaamitelevisoon's news program today that the state's defense concept is essentially ready and will be submitted to the government by August.

Major General Aleksander Einseln, commander of the Estonian defense forces, said that the defense concept must also define its approach toward the non-citizens who make up 40 percent of Estonia's population.

[Einseln] "The worst possible thing would be to exclude from state defense 40 percent of the people who live in our country, whose loyalty to the Estonian state — given that many of them are not citizens of Estonia — could be very questionable. We must reach some conclusion, either to integrate them, or have them do alternative service, or something else. Currently we have problems even with those [Russians] who are Estonian citizens and serve in the Estonian defense forces but who do not speak enough Estonian to understand simple issues. Today between 10 and 15 percent of every division of the Estonian defense forces consists of young men who do not speak enough Estonian but who are citizens of Estonia."

[Correspondent] A decree from the defense forces commander stipulates that the Estonian language should be used to communicate with young recruits who speak languages other than Estonian. To ensure that both sides understand each other, Estonian soldiers are to help speakers of other languages. But there are also citizens of Estonia of non-Estonian origin in the Defense Forces who have a different view on things.

[Einseln] "About a year ago, possibly in June 1994, Mr. Grachev in Russia once said that, if need be, he would send more troops to Estonia instead of withdrawing them by August of that year. This gave rise to rather lively discussion and we had a group of Russian-speaking servicemen in one division who said that if this happened they would know in which direction to turn their guns and this would not be toward those who come from the east."

Lithuania

Prime Minister Slezevicius Hails EU Ties

WS1906072395 Vilnius ELTA in English
0121 GMT 16 Jun 95

[From "News Bulletin" No. 779]

[FBIS Transcribed Text] Vilnius, June 15, ELTA — Lithuanian Prime Minister Adolfas Slezevicius said at the press conference on Thursday [15 June] that the European Association Agreement, signed on Monday [12 June], was the most important Lithuania's international agreement in this century, as it guaranteed faster integration into Europe for Lithuania.

By signing the agreement Lithuania together with the other eight European countries - Vyshehrad and Baltic states - became associate member of the European Union (EU), Slezevicius said.

According to premier Slezevicius, common economic policy in Lithuania meets the requirements of the European Union, but in order to achieve membership in the EU, it will be necessary to make certain adjustments in the present financial, budget and economic policy.

While making those adjustments Lithuania will have to take into account the "Strategy of the associate members concerning preparation for full membership" approved by the EU, and the document prepared by the Euroepan Commission - the White Paper - concerning integration of Central and Eastern European countries into to the common EU market, which is due to be approved at the EU summit in Cannes at the end of June, premier Slezevicius said.

Meeting of the Baltic states experts will take place in Riga next week to discuss integration into Europe.

Iranian Envoy Discusses 'U.S.-Imposed Embargo'

WS1906075195 Tallinn BNS in English
1452 GMT 15 Jun 95

[FBIS Transcribed Text] Vilnius, Jun 15, BNS — Lithuanian Prime Minister Adolfas Slezevicius met Wednesday [14 June] in Vilnius with the Iranian ambassador to Lithuania, Reza Astaneh-Parast, it was announced on Thursday.

The Iranian ambassador, who resides in Warsaw, invited Slezevicius to pay an official visit to Iran. He also urged the opening of a Lithuanian embassy in Tehran or to authorize a Lithuanian diplomatic mission in a neighboring country to deal with Lithuanian-Iranian relations, the government's press service reported.

Astaneh-Parast was especially interested in the possibility of selling Iranian oil to Lithuania and Iran's participation in the construction of an oil terminal on the Lithuanian seashore, the press service said. The ambassador informed Slezevicius about his country's efforts to get over a U.S.-imposed embargo on oil export.

Trade between Lithuania and Iran totalled only a little over 0.5 million U.S. dollars last year but is expected to grow after the signing of a bilateral trade agreement.

The Iranian diplomat and Slezevicius also discussed possibilities to expand Lithuanian tourism to Iranian islands in the Persian Gulf and to resume Persian language teaching at Vilnius University, the press service said. Astaneh-Parast inquired about Lithuania's relations with neighboring countries and the process of its integration into the European Union.

On Wednesday, Astaneh-Parast also met with parliament Chairman Ceslovas Jursenas.

Gylys, Belarusian Minister Discuss Relations

LD1706121795 Vilnius Radio Vilnius International Service in Lithuanian 2100 GMT 16 Jun 95

[FBIS Translated Text] Delegations headed by Lithuanian Foreign Minister Povilas Gylys and Belarusian Foreign Minister Uladzimir Syanko discussed several economic agreements in Vilnius on 16 June that are expected to be signed by the prime ministers of both countries.

This was pointed out when the ministers made brief reports to the press after the talks.

Povilas Gylys expressed an opinion that the Council of the Baltic Sea States could discuss the possibility of granting an observer's status to Belarus. He said this and explained to the Belarusian minister that the recently granted Lithuania's associate membership in the European Union and Lithuania's future integration into the West could not replace good relations with Belarusia and other states in the East.

Minister Uladzimir Syanko stressed the importance of future consultations in order to ensure security in the entire region. The minister also expressed his satisfaction with good businesslike relations both between the two countries and on a personal level of ministers.

Landsbergis Blames West for Chechen 'Manslaughter'

WS1906145595 Tallinn BNS in English 1300 GMT 19 Jun 95

[FBIS Transcribed Text] Vilnius, Jun 19, BNS — Vytautas Landsbergis, the leader of Lithuania's right-wing opposition, says the Western democratic states and their governments are most guilty of the latest developments in Chechnya and the town Budyonovsk as "they have looked at how Chechen children are being murdered for a so long and with indifference."

According to the opposition leader, no actions against Russia have been undertaken except for statements that it should not act this way, which were immediately followed by an assurance that Russia will not have to face any sanctions. "This means: Keep doing it the way you do," said Landsbergis at a Monday news conference.

He also noted it would be "hypocritical" to talk about the developments in Budyonovsk alone. We need to talk about Chechnya as a whole, including the manslaughter in the Semashki village and other similar things, Landsbergis said.

The right-wing opposition leader of the Lithuanian parliament described Russia's activities in Chechnya as massive armed terrorism — army attacks on civilian citizens, "the sweeping off of villages."

"No one can approve of the events in Budyonovsk, however nobody is considering the guilt of Western democratic states," Landsbergis added.

BULK RATE
U.S. POSTAGE
PAID
PERMIT NO. 352
MERRIFIELD, VA.

This is a U.S. Government publication produced by the Foreign Broadcast Information Service (FBIS). Its contents in no way represent the policies, views, or attitudes of the U.S. Government.

FBIS collects, translates, disseminates, and analyzes foreign open-source information on behalf of the U.S. Government. Its publications may contain copyrighted material. ***Copying and dissemination is prohibited without permission of the copyright owners.***

— Bracketed indicators before the first sentence of each item describe the way in which the material was processed by FBIS.

— Headlines and all bracketed explanatory notes are supplied by FBIS.

— Personal and place names are rendered in accordance with the decisions of the U.S. Board on Geographic Names as adapted by FBIS. Unverified names in radio and television material appear in parentheses and are spelled phonetically; words and phrases in parentheses preceded by a question mark are unclear in the original and deduced from context.

SUBSCRIPTION INFORMATION

U.S. Government Customers

For a list of FBIS products, to subscribe to an FBIS publication, or to indicate a change of address contact:

FBIS
P.O. Box 2604
Washington, DC 20013-2604
Telephone: (202) 338-6735
FAX: (703) 733-6042

Non-Government Customers

Subscriptions are available from the National Technical Information Service:

NTIS
5285 Port Royal Road
Springfield, VA 22161
Telephone: (703) 487-4630
FAX: (703) 321-8547

New subscribers should expect a 30-day delay in receipt of the first issue.